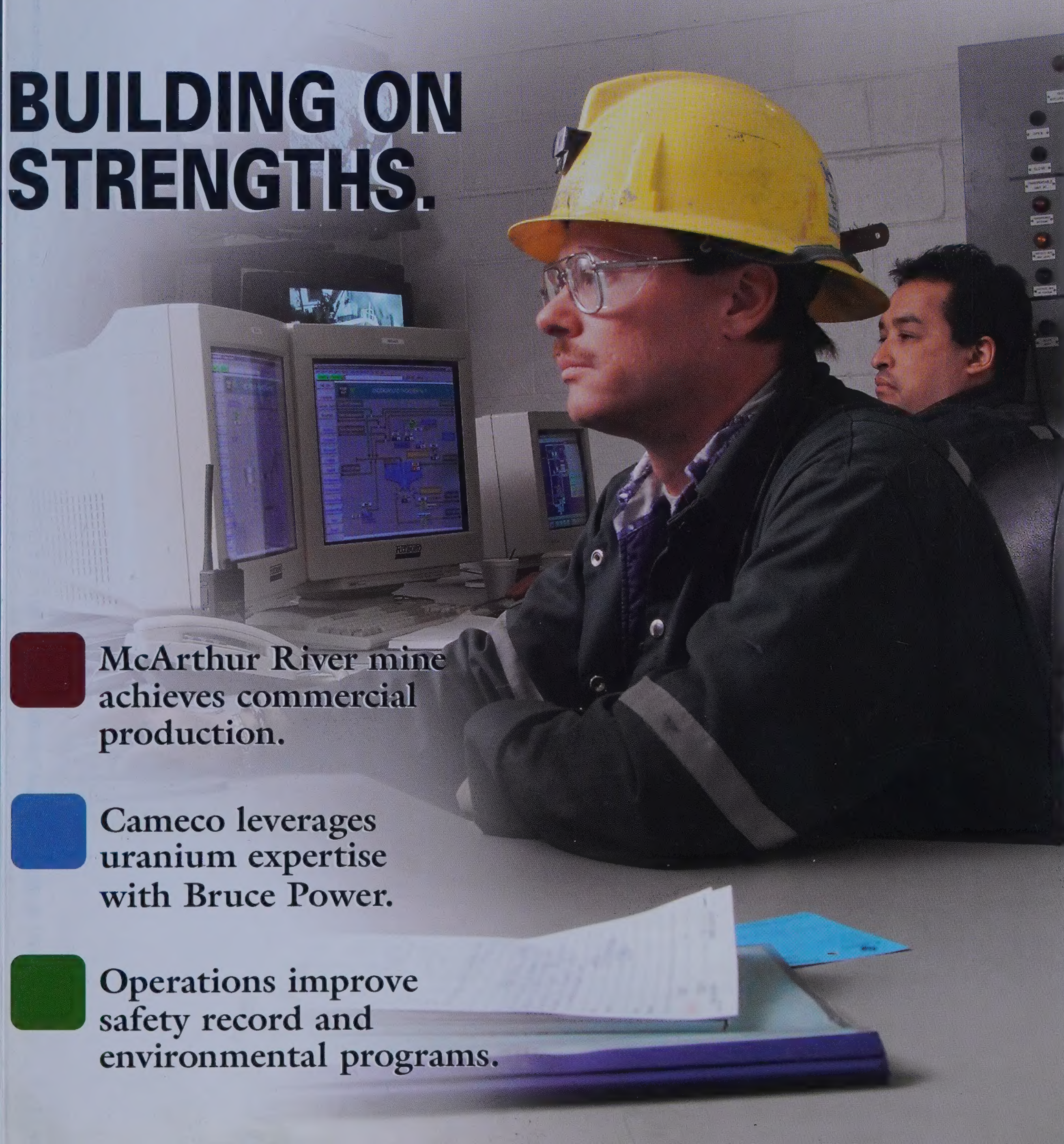
Cameco

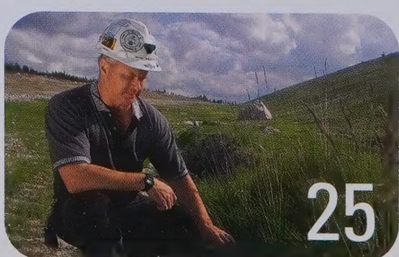
ANNUAL REPORT 2000



BUILDING ON STRENGTHS.

- McArthur River mine achieves commercial production.
- Cameco leverages uranium expertise with Bruce Power.
- Operations improve safety record and environmental programs.

Cameco, with its head office in Saskatoon, Saskatchewan, is the world's largest uranium supplier. Its operations include the world's largest, high-grade uranium mines, located in Saskatchewan, and Canada's only uranium processing facilities, located in Ontario. Through its wholly owned American subsidiaries, Cameco obtains uranium from operations in Wyoming and Nebraska. Cameco's uranium products are used to generate electricity in nuclear power plants around the world, providing one of the cleanest sources of energy available today. The company also mines gold in Kyrgyzstan in Central Asia. Cameco explores for uranium and gold in North America, Australia and Asia.



Cameco

COVER

McArthur River mine engineer Clay Wittchen (front) and process operator Will Mercredi (back), monitor ore processing in the underground control room, located at the 640 metre level. McArthur River, the world's largest high grade uranium mine, achieved commercial production in November 2000.

Cameco's strengths were evident during challenging markets.

2000 HIGHLIGHTS

	2000	1999	Change
Financial ($ millions except per share amounts)			
Revenue	689	742	−7%
Cash from operations	224	249	−10%
Net earnings attributable to common shares before special items	45	42	+7%
Net earnings (loss) attributable to common shares	(87)	71	−223%
Earnings per share before special items	0.81	0.72	+13%
Earnings (loss) per share	(1.57)	1.24	−227%
Cash flow per share	4.04	4.35	−7%
Average spot uranium price for the period (US$/lb U_3O_8)	8.21	10.23	−20%
Average spot market gold price for the period (US$/ounce)	279	279	0%
Cameco's average realized gold price for the period (US$/ounce)	314	338	−7%
Weighted average number of paid common shares (millions)	56	57	−2%
Net debt to capitalization	13%	14%	−13%
Production (Cameco's share)			
Uranium concentrates (million lbs U_3O_8)	16.6	16.8	−1%
Uranium conversion (UF_6+UO_2)(tU)	9,327	11,231	−17%
Gold (thousand oz)	223	204	+9%

Currency is expressed in Canadian dollars unless otherwise noted.

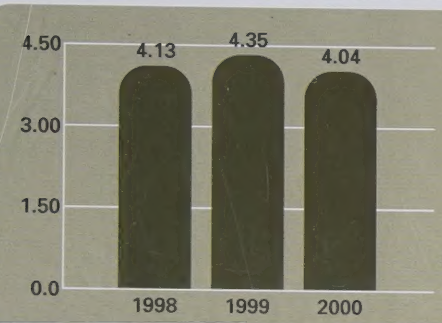
FORWARD-LOOKING STATEMENT

Certain statements contained in this annual report, including information under the headings: message to shareholders, marketing—nuclear business, operations, responsible management, and management's discussion and analysis, constitute forward-looking statements within the meaning of the *US Private Securities Litigation Reform Act of 1995*. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results to differ materially from those expressed or implied by such forward-looking statements. These factors are discussed in greater detail in the management's discussion and analysis section as well as Cameco's annual information form on file with the US Securities and Exchange Commission and Canadian securities regulatory authorities.

OVERVIEW

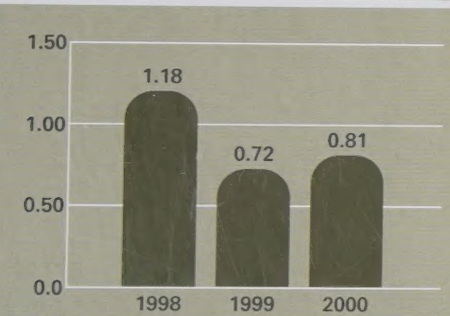
CAMECO TARGETS AND RESULTS

2000 OVERVIEW



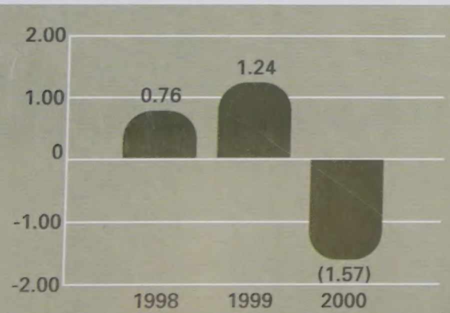
CASH FLOW PER SHARE ($)

Cameco continued to generate strong cash flow in 2000 and will use cash to cover more than $100 million of capital expenditures in 2001.



ADJUSTED NET EARNINGS PER SHARE ($)

Cameco's net earnings, before special items, increased 13% despite weak prices for uranium and gold.



NET EARNINGS PER SHARE ($)

In 2000, Cameco's earnings were impacted by a writedown of US uranium assets and to a lesser degree by a one-time provision for waste management.

2000 TARGETS	2000 RESULTS
Reduce lost-time accidents.	In 2000, Cameco's employees delivered outstanding safety performances, including no lost-time accidents at eight of the 11 locations that the company operates. Overall, the company recorded its best ever accident frequency of 0.32 per 200,000 person hours including Cameco employees and long-term contractors.
Implement a new environmental management system and achieve ISO 14001 certification at the Port Hope operation.	A new environmental management system was being established at all Cameco's Canadian nuclear operations and gold production facilities in Kyrgyzstan. The Port Hope operation received ISO 14001 certification in April 2000.
Achieve commercial production at the McArthur River mine and produce about 11 million pounds U_3O_8.	The McArthur River mine achieved commercial production in November 2000 and mined about 11 million pounds U_3O_8 during the year. In addition, Cameco increased the mine's proven and probable reserves by more than 50% to 275 million pounds at an average grade of 21% U_3O_8.
Complete testing of the jet bore mining system at Cigar Lake.	Jet bore mining tests in 2000 proved, in waste rock and in ore, this mining method to be successful and ready for industrial scale deployment.
Complete the Rabbit Lake environmental impact statement and submit the Cigar Lake construction license application in late 2000 or early 2001.	The decision to postpone the development of the Cigar Lake project caused the deferral of these two initiatives.
Reduce uranium inventory by 10%.	Cameco reduced its uranium inventory by 13% reflecting the company's confidence in the production capability of the McArthur River mine.
Increase Kumtor gold production to 645,000 ounces.	In 2000, Kumtor mine production increased 7% to 670,000 ounces while cash costs declined 15% to $153 (US) per ounce compared to 1999.

2001 TARGETS

- Sustain the nominal 18 million pounds U_3O_8 per year production rate during a minimum of four consecutive months at McArthur River.
- Reduce administration and exploration costs by 10% each.
- Reduce uranium inventory by 10%.
- Increase Kumtor gold production to 680,000 ounces.
- Finalize Cameco's purchase of a 15% interest in Bruce Power.
- Submit the Cigar Lake construction license application to regulators and complete the environmental impact statement for the processing of Cigar Lake uranium at Rabbit Lake.
- Achieve an overall accident frequency of less than 0.25 for Cameco employees and 1.00 for Cameco's long-term contractors.

LONG-TERM TARGET

Leverage our mining and processing expertise in the nuclear business.

In October 2000, Cameco signed a memorandum of understanding to acquire a 15% interest in the Bruce Power Partnership. The partnership has signed an agreement to lease and operate the Bruce nuclear power plants in Ontario, Canada. Cameco will supply all uranium and uranium conversion services and contract all the fuel fabrication services required by the Bruce reactors.

Cameco's strengths were evident during challenging markets.

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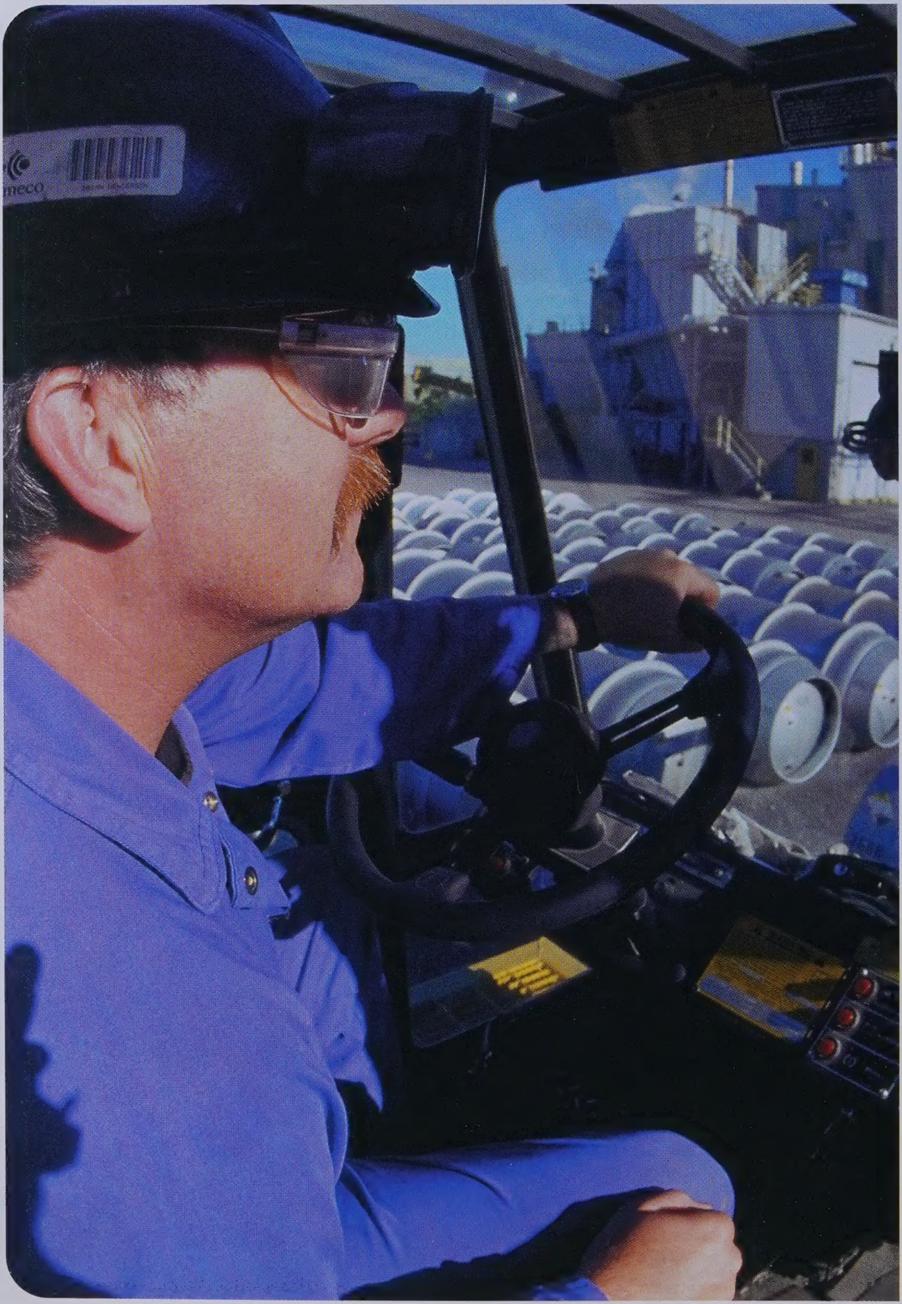
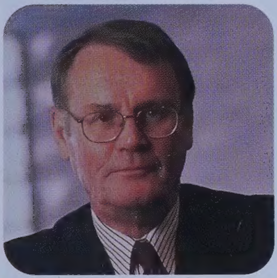
MESSAGE TO SHAREHOLDERS

Port Hope operator Brian Henderson drives a Taylor lift truck to load one of about 100 UF_6 cylinders that leave Port Hope each month on their way to an enrichment facility. After further processing, UF_6 becomes the fuel used in most nuclear power plants.



Cameco is a long-term, core value investment.



An interview with Bernard Michel, Cameco's chair and chief executive officer.

Q What were the major factors behind Cameco's earnings performance in 2000?

As usual, a number of factors were at work.

On the negative side, realized prices for uranium and gold declined significantly. Keep in mind that on average, the spot market prices for uranium in 2000 were 20% less than in 1999 and gold prices remained depressed. Also in 2000, Cameco's sales volumes for uranium and uranium conversion services decreased modestly. The result was a 7% decrease in revenues to $689 million, down from a record level in 1999.

On the positive side, lower expenses for depreciation, exploration, interest costs and income tax meant that earnings—before special items—improved marginally to $45 million in 2000 from $42 million the year before. That illustrates the fundamental earnings strength of Cameco.

At year end, we recorded a one-time decommissioning charge of $11 million after tax, the full amount of our financial responsibility for some waste material from a predecessor company. Of greater significance, our decision in October to write down the carrying value of some of Cameco's US uranium assets resulted in a one-time charge of $121 million after tax that produced a net loss of $87 million for 2000. The charge followed a general review of Cameco's uranium mining and conversion assets prompted by the continuing delay in the recovery of uranium prices. The writedown represents all of the value associated with the company's in situ leach (ISL) uranium producing assets at Highland (Wyoming) and Crow Butte (Nebraska) as well as a portion of the carrying value of some ISL properties designated for future development. No company likes to take a writedown, but doing so protects the integrity of our balance sheet and, combined with other measures, it will have a favourable impact on future results.

Q What were Cameco's most significant accomplishments in 2000?

The first which comes to mind is the start-up of the McArthur River mine which achieved commercial production in November and produced 11 million pounds U_3O_8 in 2000. It took only 12 years to take this extraordinary deposit from discovery to commercial production. This past year, McArthur River offered our Cameco teams a unique mix of technical, operational, safety and environmental challenges. Our teams really delivered and the results which they have achieved speak to their skills and dedication.

The second is certainly the signing in October of a memorandum of understanding with British Energy which will lead to Cameco having a 15% interest in the Bruce Power Partnership (Bruce Power). This initiative secures a valuable concentrates and conversion customer and offers Cameco a new and attractive growth opportunity in our core business.

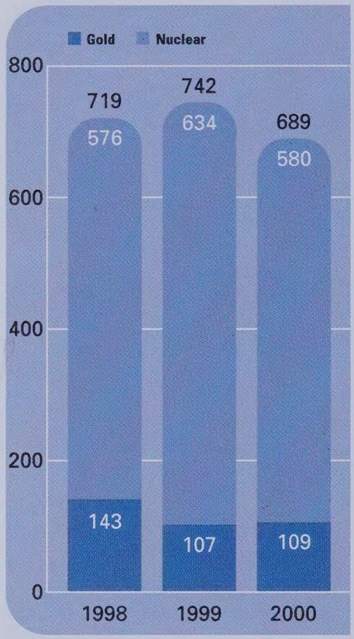
The third is the successful licensing of the Inkai ISL deposit in Kazakhstan. Cameco is now in a position to use its ISL expertise to evaluate the feasibility of this large deposit by conducting a test mining program.

The fourth and more general accomplishment is that through a year like 2000, which brought the lowest uranium prices faced in many years, Cameco improved its profitability on an operational basis. That says a lot about the quality of our uranium and gold operations and about the success we continue to achieve in reducing costs.

Finally, one should not omit the outstanding safety accomplishments of our employees in 2000: eight out of the 11 locations which Cameco operates did not record a single lost-time accident!

Q What were the company's disappointments?

We were, naturally, very disappointed with what happened to uranium, uranium conversion and gold



Differences due to rounding.

REVENUE
($ millions)

In 2000, Cameco sold less uranium at lower prices generating 9% lower nuclear revenue than the record level set in 1999.

prices. We had fully expected price improvements in 2000 over those of the previous year and we were proven wrong.

Similarly, we were not pleased to announce in the third quarter our decision to write down much of our US ISL assets. We believe these assets will produce lots of uranium in the future and the expertise of our US employees will help us with other ISL deposits such as Inkai. Nevertheless, we decided to take the writedown as a matter of sound business practice.

Q What key industry trends are affecting Cameco's performance?

It is clear that the uranium price, and to a smaller extent the uranium conversion and gold prices, will have the greatest impact on the company's performance.

The uranium price, in the long term, will depend upon the future of nuclear technology and we see more and more sign posts which point to a bright one.

The worldwide trend to liberalize electricity generation emphasizes the growing economic advantage of nuclear technology, in particular in the United States, Cameco's largest market, where nuclear utilities achieve record asset utilization and very low and competitive costs.

The rising prices of oil and natural gas bring a renewed level of public attention to the stable economics of nuclear electricity when, at the same time, growing concerns about global warming are bringing many, worldwide, to re-assess nuclear technology.

The fact that in 2000, six new reactors began generating electricity and three new reactors began construction worldwide illustrates the positive trend which will affect Cameco's performance in the future.

Q When will uranium prices improve?

It is impossible to know with certainty and our track record in forecasting price trends has not been very good. At year end, uranium spot market prices were about $7 (US) per pound, near historic lows, compared with about $16 (US) in 1996. At Cameco, we believe they cannot go much lower as world uranium production is less than half of consumption and most of the world's mines are simply uneconomic at such prices.

Of course there has been a production shortfall every year since 1985 and we have not yet seen any kind of sustained price recovery. This has resulted from new, non-mine supply sources of uranium having become available, such as

excess inventories held by governments, utilities and other fuel cycle participants, including the well publicized highly enriched uranium (HEU) inventories which are the subject of the agreement between the US and Russia.

At Cameco we observe that these sources of uranium, which we generally describe as secondary sources, combined with uranium production from existing and planned new uranium mines, will simply not be sufficient to meet the world's requirements to 2010. New mines, not yet at the planning stage, will be needed but they will require uranium prices substantially higher than current prices to be economically justified.

In Cameco's view, the fundamentals of the uranium business are very positive and point to improving market prices.

Q Is Cameco still generating excess cash flow?

In 2000, in spite of the very low market prices for uranium, uranium conversion and gold, Cameco generated $224 million from operations. This was more than adequate to cover the $201 million needed for additions to property, plant and equipment, debt repayments, preferred securities charges and dividends.

Given the market circumstances and the fact

McArthur River ore is mined and crushed underground before being pumped to the surface as a slurry and then placed in special containers for transportation to the Key Lake mill. Approximately 12 truckloads leave McArthur River each day.

that the McArthur River mine was in the start-up mode, one can say that Cameco, in 2000, again delivered a strong cash performance.

In 2000 also, Cameco spent $46 million to repurchase its shares, as part of a program that began in 1999. At the conclusion of the program, the company had repurchased 2.9 million shares at an average cost of $20.39 per share.

Looking forward to 2001, Cameco's cash performance will naturally depend upon the market prices for the products and services we sell, but we still expect some healthy cash flows.

In 2001 we will contribute our share (some $65 million) of investment in Bruce Power and spend approximately $40 million in capital expenditures.

Q How do you intend to improve Cameco's performance in 2001?

As already mentioned, our performance in 2001 will depend largely on uranium prices, sales volumes and operating costs and, to a lesser extent, on the same factors for our gold activities.

Costs will improve at our McArthur River and Key Lake operations as a result of higher production and cost reduction initiatives. Similarly, we expect cost improvements, higher production and lower financing costs at the Kumtor gold mine.

In 2001 we expect to conclude the Bruce Power agreement. Although it should not significantly impact Cameco's financial results in 2001, we are confident that it will make a strong contribution to Cameco later on.

Q What is Cameco's strategy for growth over the next five years?

Our strategy remains to grow in our core business because it is there that we have a recognized

expertise and a competitive advantage. As already explained, the outlook for our core business, the nuclear business, is quite positive, especially in our largest market, the United States.

Cameco will keep its focus on occupying the low end of the world's uranium production cost curve and will also expand its role as a trader of secondary uranium through arrangements such as our long-term HEU agreement with Russia.

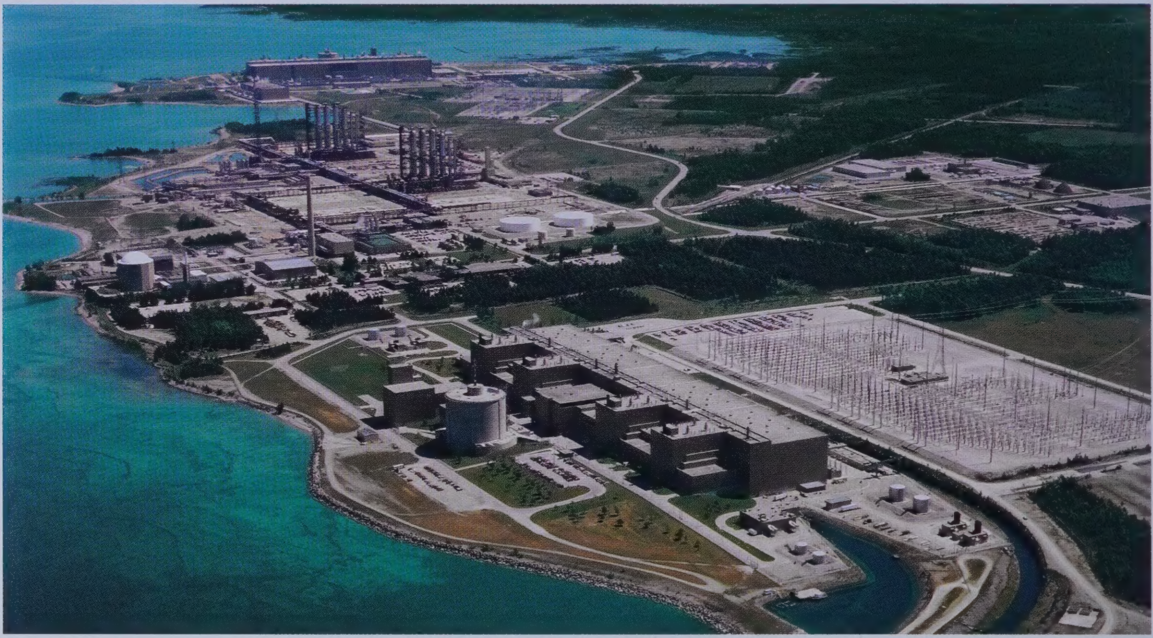
We will continue to leverage our position as a supplier not only of uranium but also of more advanced nuclear products, such as natural fuel grade uranium dioxide and uranium hexafluoride where we still see some growth opportunity.

We will seek other ways to leverage our specific fields of expertise where particularly attractive projects are identified, as is the case with the Bruce Power initiative.

Q What are the biggest risks to your performance?

There are risks to performance in any business and Cameco is

In October of 2000, Cameco entered into an agreement to purchase 15% of Bruce Power, as part of the company's plan for further integration into the nuclear industry. Through the partnership, Cameco becomes the sole fuel supplier to the Bruce reactors.



no exception. Our role is to mitigate, to the extent we can, the business risks which the company faces and to preserve for our shareholders the best possible exposure to future improvements in our specific business environment.

Much of the company's sales are tied to long-term contracts and many of these include price mechanisms which limit the company's exposure to adverse spot market price movements.

There are always operational risks such as difficulties at minesites. Cameco has extensive programs in place to manage these risks, and, certainly a strong operating record.

As well, the company has invested in a comprehensive insurance program to lessen its potential liability from adverse political, operational or environmental events.

Q Is the outlook for nuclear power as negative as it seems?

As already stated, the outlook for nuclear power is not negative and is actually improving year after year. It is true that there have been some reactor closures and that there will be more, but the fact remains that nuclear electricity generation, worldwide, continues to grow.

Two factors will contribute to that growth. The first is that there will be growth in the world's nuclear generating capacity as more new reactors are built than taken out of operation. From now to 2010, the Uranium Institute projects 35 reactor closures, and 52 new reactor start ups.

The second is that reactors continue to operate better and better and this is measured by their capacity factors. In the United States, for instance, the average capacity factor has increased from 58% in 1980 to 67% in 1990 to just around 90% in 2000.

One should also point out that rising prices for oil and gas, and greater concerns about global warming, all bode well for the future of nuclear power.

Q Why did Cameco buy into Bruce Power in Ontario? What benefits do you see for shareholders?

Our investment in 15% of Bruce Power is an excellent opportunity to leverage our expertise in the nuclear fuel business, in our country and in a regulatory environment which is very familiar to us.

We expect very positive returns from this participation and that should attract investors to Cameco.

We are also very pleased to become a partner of British Energy PLC (BE) which will have an 80% interest in the project. BE operates 15 reactors in the United Kingdom and is, with Exelon, a joint owner of Amergen which already operates three nuclear plants in the United States.

Cameco will invest up to $100 million in Bruce Power over two years and will purchase for resale to Bruce Power some $42 million worth of reactor fuel inventory. Cameco will also supply all uranium and uranium conversion services to Bruce Power and will be responsible for contracting all of the fuel fabrication.

We expect the Bruce Power investment to contribute significantly to Cameco's earnings and cash flows after the first two years.

Q What about the gold operation at Kumtor? How is it performing? What is its future?

The Kumtor gold operation is doing very well. In 2000, revenues from Kumtor were $109 million, a 2% increase over 1999 due to a sales increase of 9% offset by a 7% decline in our average realized selling price. The gross profit margin increased to 26% in 2000 compared with 16% the year before as the negative impact of lower gold prices was more than offset by reductions in unit cash costs of production and lower depreciation rates.

Looking ahead to 2001, Cameco's share of production should rise to 227,000 ounces and the financial results of Kumtor for Cameco should not be too different from those achieved in 2000.

Q Will the stock buy backs continue? Will dividends increase?

There are no plans at present to re-institute a stock buy back program or to increase dividends. These types of decisions are made by the board of directors and considered on a regular basis with due attention being paid to factors such as cash flows, capital expenditures programs as well as debt levels.

Cameco has maintained a $0.50 annual dividend per share since it went public in 1991 and, looking into the future, intends to maintain its conservative financial structure with a net debt to capitalization ratio of no more than 25%. At present we are well within this objective as our ratio was only 13% as of December 31, 2000.

If we identify new, attractive opportunities to invest in our core business, we will do so as we have done this past year with Bruce Power. If we do not, the board of directors will most likely elect to return surplus cash to the shareholders by way of a share buy back or increased dividends or both.

Q Why should I invest in Cameco?

Cameco is a healthy, dynamic company which is ideally positioned in an industry with a bright and improving future.

The company has a controlling interest in the two richest uranium deposits known in the world, McArthur River and Cigar Lake, providing it with an unequaled standing in the uranium industry.

McArthur River, for instance, has an ore grade which is some 60 times greater than that of Cameco's most significant competitor and reserves and resources which should last 25 years at least. Cameco continues to make good progress in reducing production costs.

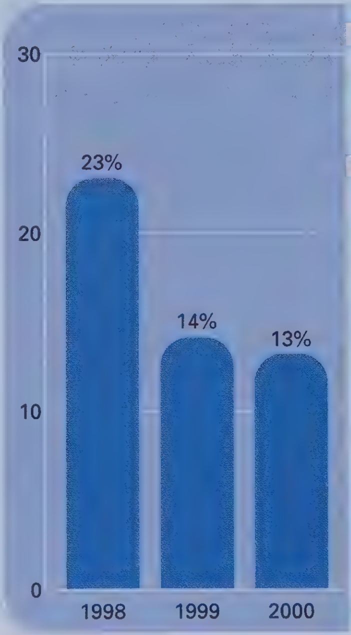
Cameco also has access to non-Canadian, ISL uranium production and to significant quantities of secondary uranium through long-term agreements.

Cameco, from its low-cost facilities in Ontario, can offer competitively priced conversion services with its uranium concentrates.

And, in the future, Cameco will benefit through Bruce Power from a direct stake in the electricity business.

There is no telling with certainty what the future holds, but Cameco occupies a unique position of strength in an industry where higher prices are likely to come and where prospects for growth continue to improve.

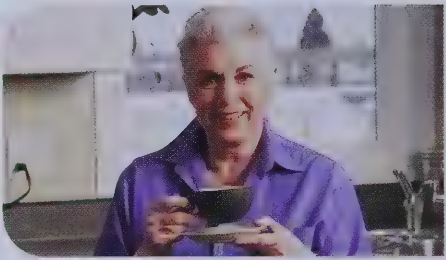
For these reasons, I believe Cameco is a good, long-term investment in the resource sector.



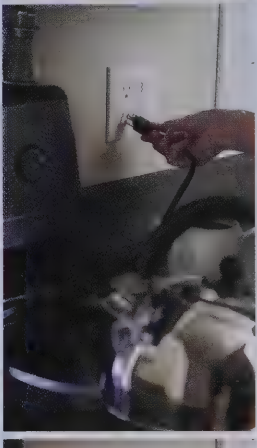
NET DEBT TO CAPITALIZATION

Cameco continues to strengthen its balance sheet, with the net debt to total capitalization ratio falling to 13% in 2000.

MARKETING - NUCLEAR BUSINESS



People depend on a reliable source of electricity for everyday use. About 17% of the world's supply comes from nuclear power plants which use uranium fuel to generate electricity without greenhouse gas emissions.



Cameco is the world's largest uranium supplier to a market with predictable demand.

NUCLEAR POWER INDUSTRY

Uranium is the fuel nuclear reactors use to generate electricity. More than 400 nuclear reactors operate in 31 countries and account for about 17% of the world's electricity. This is about as much as all the world's hydroelectric power stations taken together. The US is the largest single country market and accounts for about 35% of the western world's annual uranium consumption—which was estimated at 145 million pounds in 2000.

EMERGING TRENDS

(See page 31 of management's discussion and analysis or MD&A for a detailed discussion on nuclear industry trends.)

Three key trends continued to evolve during 2000 and affect Cameco's competitive environment:

1. Consolidation of electric utilities. Faced with the challenge of deregulation, electric utilities worldwide are restructuring through mergers and acquisitions, achieving economies of scale and consolidation of expertise. A market with fewer operators will not decrease demand for U_3O_8. However, these larger buyers may change their fuel purchasing and inventory strategies with potential benefits and risks to Cameco.

2. Improved reactor performance. Deregulation has resulted in many utilities achieving improved performance at their reactors, as reflected in outstanding capacity factors. In 2000, the average US capacity factor increased to an estimated 90% from 87% in 1999. An increase in average capacity factors results in higher uranium consumption.

3. Reactor life extensions. US utilities continue to seek plant life extensions. The extension of reactor lives ensures that the current level of uranium and conversion demand for these reactors will continue.

Additionally, electricity shortages, air pollution concerns and climate change threats have caused utilities and governments to consider the construction of a new generation of nuclear power plants.

URANIUM/CONVERSION SPOT MARKET

(See page 31 in MD&A for detailed discussion on markets.)

Cameco does not sell uranium or conversion on the spot market. However, approximately 60% of uranium under long-term contract is sold at a price which references the spot uranium price at the time of delivery. A small percentage of Cameco's conversion contracts reference the spot conversion price as well.

Spot volume down and spot price hits 16-year low. In 2000, about 15 million pounds U_3O_8, or 10% of the western world's uranium consumption, were sold on the spot market. This compares to 25 million pounds in 1999.

The uranium spot price ended the year at $7.10 (US) per pound U_3O_8, compared to $9.60 (US) at the end of 1999. The lower demand, the removal of US trade restrictions on all but Russian uranium and the presence of cash-hungry inventory sellers caused the spot price to soften during much of the year before leveling off in the fourth quarter at its lowest point since December 31, 1973.

Spot conversion prices begin to recover. Spot prices for UF_6 conversion services ended the year at $3.25 (US) per kilogram of uranium as UF_6. The spot price fell to a low of $2.35 (US) per kilogram in July 2000 from $2.55 (US) at year end 1999, before recovering in the fourth quarter. Prices had been driven to low levels due to the availability of significant secondary supplies and low demand for spot UF_6 conversion.

LONG-TERM URANIUM MARKET

Price declines despite increase in demand.
The long-term market is important to Cameco as the company has not relied upon sales in the spot market during the last 12 years.

Long-term contract price indicators published in the industry fell by 8% during 2000 to $9.25 (US) per

The Port Hope UF_6 plant is the only one of its kind in Canada. In 2000 Port Hope received certification under the ISO 14001 program, an internationally recognized standard for environmental management systems.

pound U_3O_8. This occurred despite a modest increase in total long-term contracting in 2000. A low spot price leads buyers to expect plentiful and inexpensive supplies causing a negative impact on long-term contract prices.

Volume contracted in the western world long-term market in 2000 is estimated at 65 million pounds U_3O_8, compared to 60 million pounds in 1999.

URANIUM INDUSTRY DEVELOPMENTS

Inventory drawdown continues. The drawdown of excess western world inventory was approximately 35 million pounds in 2000, similar to the previous year. Excess western world inventories at year end are estimated to be approximately 150 million pounds U_3O_8.[1]

Inventory drawdown is expected to continue at the same rate through 2001.

Uranium from dismantled Russian weapons mostly stockpiled. In 2000, about 29 million pounds U_3O_8 derived from the dismantling of Russian nuclear weapons were delivered to the United States. This included about 5 million pounds scheduled for delivery in 1999. As part of a commercial agreement, the Russian company Tenex along with Cameco and its partners purchased about 5 million pounds U_3O_8. This material is eligible for end use in the United States under a quota—which was 6 million pounds in 2000. The balance of the material is being returned to Russia.

LONG-TERM OUTLOOK IS FAVOURABLE

Despite the price trends in 2000, the long-term uranium market outlook remains positive and new mine development will be needed to meet anticipated uranium requirements.

Consumption will grow modestly. Over the 10-year period from 2001 to 2010, cumulative world consumption is expected to total 1.7 billion pounds U_3O_8. Of that, western world consumption will account for about 87%. Overall, uranium requirements are expected to grow by about 10% over the next 10 years.

New supply will be needed. Cameco assumes that the requirements of the Commonwealth of

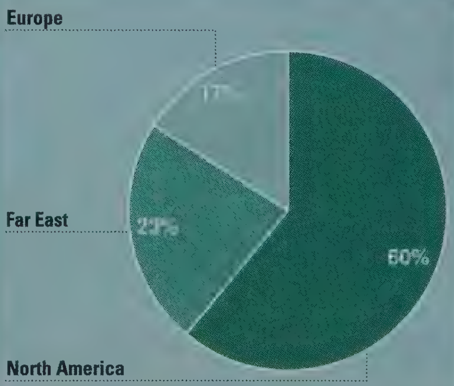
Argentina
Belgium
Canada
Czech Republic
Finland
France
Germany
Japan
Mexico
Netherlands
South Korea
Spain
Sweden
Taiwan
United Kingdom
United States

CUSTOMER COUNTRIES

Cameco sells uranium and conversion services to companies located in 16 countries around the globe.

2000 NUCLEAR REVENUE
(by region)

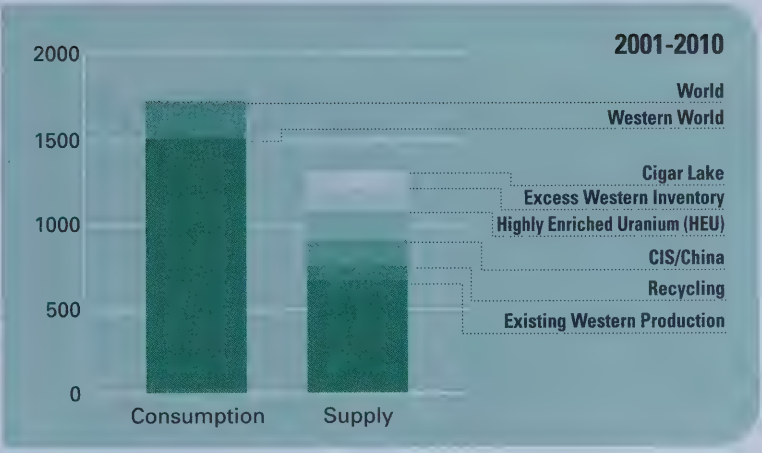
North America remains the largest source of Cameco's nuclear revenue.



[1] Cameco's estimate of the amount of inventory held by western world companies which is in excess of the inventory held for security of supply and normal business operations.

URANIUM SUPPLY/DEMAND
(million lbs U_3O_8)

McArthur River, which is included in existing western production, and Cigar Lake uranium will be needed to meet requirements in the next decade.



Independent States (CIS) and the vast majority of Eastern European countries' requirements will be filled from domestic sources or Russian inventories, while western world requirements will be filled by these and a number of other sources.

The largest single source of supply comes from existing western world mine production. This source includes operating, and expansions of existing, mines. Western world production is expected to fill about 44% of western world requirements over the next 10 years.

Recycled uranium is expected to contribute about 6%, or approximately 93 million pounds U_3O_8 over the period.

Production from the CIS and China plus Russian inventory is expected to hold relatively stable and supply about 11% over the next 10-year period.

Uranium derived from the dismantling of nuclear weapons (HEU) from Russia and the United States may provide about 12% of the western world's requirements over the next decade.

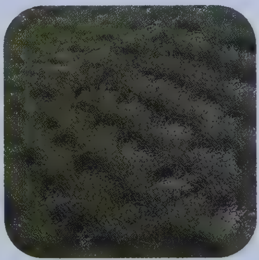
Excess western inventories are expected to be drawn down over the period. Even with all these sources of supply, new mines will be needed to fill the gap between supply and demand.

The remaining new uranium mine production is likely to come from other deposits in Canada, Australia, the United States and Kazakhstan. These deposits generally have much lower grades than the high-grade deposits controlled by Cameco. As such, it is anticipated that the new supply will come at a higher cost, which is expected to put upward pressure on the uranium price over the 10-year period. Uranium prices would have to rise significantly above the 2000 level to provide an adequate return and incentive for these higher-cost mines to be built.

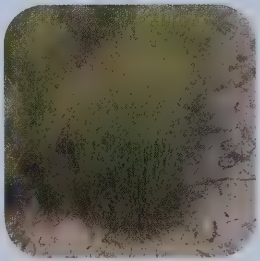
CAMECO'S NUCLEAR BUSINESS

Marketing overview. Cameco is an integrated supplier of uranium concentrates and uranium conversion services to electric utilities around the world. In addition to its low-cost production, Cameco supplies uranium and conversion from a number of other sources including dismantled Russian nuclear weapons and from market purchases.

Procurement for Bruce Power. As part of the Bruce Power Partnership, Cameco will supply all uranium and conversion services, as well as contract for all fuel fabrication services required by the Bruce reactors.

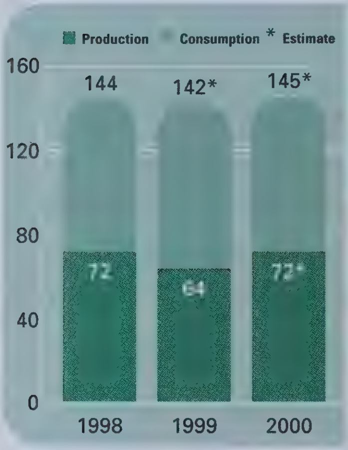


Securing sales in a tough market. In 2000, Cameco's uranium concentrate and uranium conversion sales decreased by 4% and 5% respectively, compared to 1999, which was a record setting year.



Cameco has more than 100 million pounds of U_3O_8 and more than 46,000 tonnes of uranium for conversion services under contract with utilities around the world for delivery during the next decade.

Cameco offers many benefits to its customers, including competitive pricing, security and diversity of supply as well as "one-stop shopping" for uranium concentrates and conversion. Cameco strives to offer the most flexible, dependable and value-added customer service of all uranium concentrate and conversion suppliers.

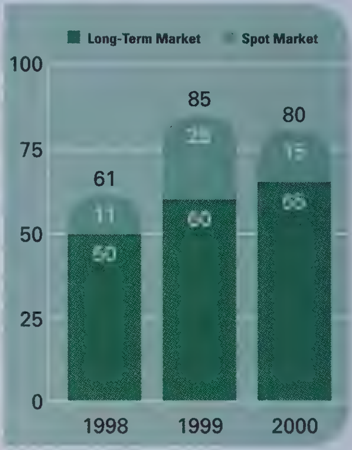


WESTERN WORLD MARKET
(million lbs U_3O_8)

Uranium consumption is more than twice production.

WESTERN WORLD CONTRACT VOLUMES
(million lbs U_3O_8)

The long-term market volume continued to increase, accounting for 81% of the contracted uranium in 2000.



URANIUM PRICE COMPARISON
(annual average $US/lb U_3O_8)

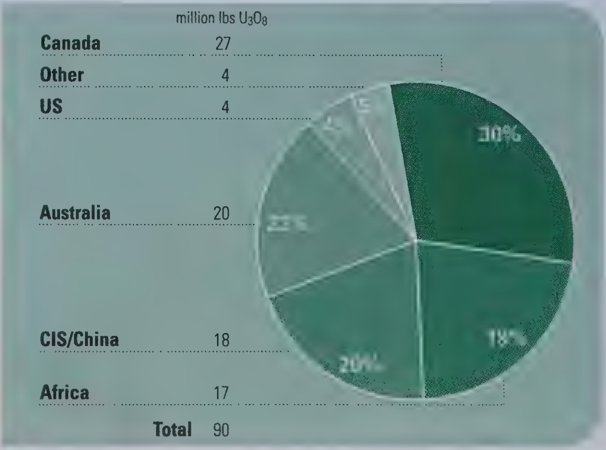
Cameco typically receives a higher uranium price by contracting in the long-term market where utilities look for security of supply.

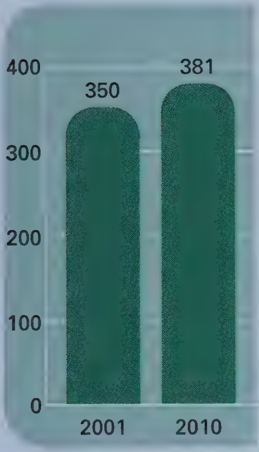
Canadian Export Price The average price of uranium from Canada, delivered by Canadian companies to their export customers.

Average Spot Market Price Spot market deliveries are scheduled within one year of the transaction date.

WORLD URANIUM PRODUCTION
(estimated 2000)

Cameco's 17 million pounds of U_3O_8 production represented 19% of world output.



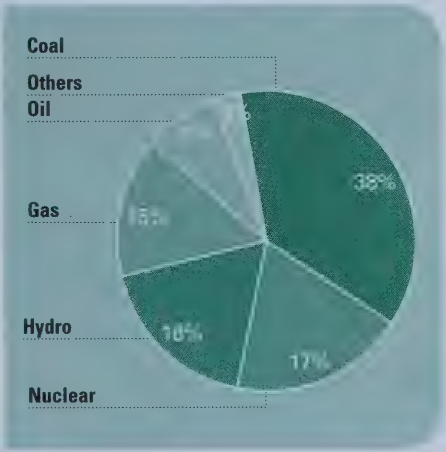


WORLD NUCLEAR CAPACITY
(GWe)

Nuclear power generation is expected to increase by 9% over the next decade.

WORLD ELECTRICITY GENERATION
(1997)

Nuclear energy accounts for 17% of the world's electricity demands.



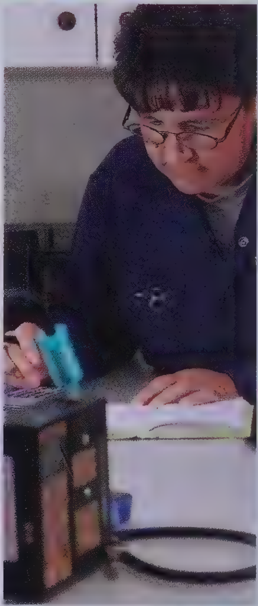
NUCLEAR REACTORS

	Reactors [1] In Operation	Reactors [1] Under Construction	Nuclear [2] Electricity (%)
Argentina	2	1	9
Armenia	1	0	36
Belgium	7	0	58
Brazil	2	1	1
Bulgaria	6	0	47
Canada	14	0	12
China	3	8	1
Czech Republic	5	1	21
Finland	4	0	33
France	59	0	75
Germany	19	0	31
Hungary	4	0	38
India	14	4	3
Iran	0	2	0
Japan	53	4	35
Lithuania	2	0	73
Mexico	2	0	5
Netherlands	1	0	4
North Korea	0	2	0
Pakistan	2	0	1
Romania	1	1	11
Russia	29	9	14
Slovak Republic	6	0	47
Slovenia/Croatia	1	0	37
South Africa	2	0	7
South Korea	16	4	43
Spain	9	0	31
Sweden	11	0	47
Switzerland	5	0	36
Taiwan	6	2	25
Ukraine	13	5	44
United Kingdom	33	0	29
United States	103	0	20
Total	435	44	17%

1 at December 31, 2000 2 1999

OPERATIONS

Key Lake radiation technologist Lorraine Wapass prepares filters for equipment that tests for potential levels of airborne radioactivity. Cameco pursues an aggressive radiation protection program to ensure workers' exposures remain well below allowable limits.



Cameco is bringing the world's richest uranium mine into full production.

URANIUM

Cameco operates and owns a controlling interest in the world's largest high-grade uranium mines and mills at McArthur River, Key Lake and Rabbit Lake, located in northern Saskatchewan. Through its wholly owned US subsidiaries, the company also obtains uranium production from operations at Highland in Wyoming and Crow Butte in Nebraska.

Cameco is also an integrated, value-added uranium producer with refining and conversion plants in Ontario.

The company accounted for about 19% of the world's uranium output in 2000 and 24% of the western world's production.

MINING OPERATIONS

McArthur River/Key Lake. McArthur River is the world's largest high-grade uranium mine—with ore grades averaging 21% U_3O_8. Ore from McArthur River is transported to the Key Lake operation, where it is diluted with the remaining Key Lake low-grade ore stockpiles. The result is an average blended grade of about 4%—a grade which is suitable for processing at the Key Lake mill.

In 2000, Cameco completed the commissioning phase of the McArthur River mine and declared commercial production in November. During mine commissioning, improvements were made to the underground ore storage, grinding circuit and ore-handling system while production was being ramped up. By November the mine commissioning was substantially complete and well on its way to achieving the planned annual capacity of 18 million pounds U_3O_8 by 2002.

The Key Lake mill produced about 10.8 million pounds U_3O_8 in 2000 primarily from McArthur River ore.

Rabbit Lake. Rabbit Lake produced 7.3 million pounds U_3O_8 in 2000. Operations at Rabbit Lake's Eagle Point underground mine were suspended in early 1999. During 2000, Cameco announced the extension of Eagle Point mine shutdown that will result in an approximate one-year closure of the Rabbit Lake mill. In 2001, the mill will operate on existing stockpiles until they are depleted, and in the second quarter will be placed on standby.

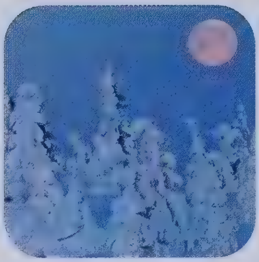
Cameco has re-evaluated the mining plan at Eagle Point to achieve further cost efficiencies through the introduction of changes to the mining method. In 2001,

URANIUM PRODUCTION SUMMARY
(million lbs U_3O_8)

	2000		1999	
Facility	100%	Cameco's Share	100%	Cameco's Share
Crow Butte	0.8	0.8	0.8	0.7
Highland	0.9	0.9	0.9	0.9
McArthur River[2]/ Key Lake	10.8	7.7	9.7	8.1
Rabbit Lake	7.3	7.3	7.0	7.0
Total	19.8	16.6[1]	18.4	16.8[1]

1 Total difference due to rounding.

2 McArthur River began production in 2000.



Cameco will seek regulatory approval to reopen the Eagle Point mine based on the revised mining plan for the remaining 19 million pounds of reserves.

Subject to market conditions and the receipt of regulatory approvals, Cameco anticipates restarting the Rabbit Lake mill in the third quarter of 2002, following the resumption of mining activities.

During 2001, Cameco expects to complete the environmental impact statement for processing the majority of the Cigar Lake uranium at Rabbit Lake. Cigar Lake is not expected to begin production before 2005.

Highland/Crow Butte. Cameco's US operations produced 1.7 million

A Cigar Lake loader moves waste rock from the underground mine to a rock truck. Cigar Lake, together with McArthur River, gives Cameco access to the world's largest, high-grade deposits.

pounds U_3O_8 in 2000 representing some 45% of total US uranium output.

URANIUM CONVERSION SERVICES

Cameco is 100% owner and operator of Canada's only uranium refining and conversion facilities, located in Ontario. These include the Blind River refinery, the world's largest, where uranium concentrates are processed into high-purity uranium trioxide (UO_3), an intermediate product used as feed at the company's Port Hope conversion plants.

The Port Hope facility is one of only four commercial suppliers of uranium hexafluoride (UF_6) in the western world. UF_6 produced at the plant is delivered to others for enrichment and fabrication into the fuel pellets used in most nuclear reactors. The Port Hope facility is also the world's only commercial supplier of natural uranium dioxide (UO_2) used to manufacture fuel for the Candu reactors.

In 2000, production of UO_3 at Blind River was 9,605 tonnes compared to 11,360 tonnes in 1999. The combined production of UO_2 and UF_6 at Port Hope was 9,327 tonnes in 2000 compared to 11,231 tonnes the year before. Cameco has reduced production at Port Hope because the UF_6 market remains over-supplied due to the availability of secondary material from companies that do not produce UF_6 themselves.

URANIUM PRODUCTION[1]

	Key Lake[2]		Rabbit Lake		Highland		Crow Butte	
	2000	1999	2000	1999	2000	1999	2000	1999
Tonnes milled	186,514	215,703	216,170	204,590	n/a	n/a	n/a	n/a
Production (million lbs U_3O_8)	10.8	9.7	7.3	7.0	0.9	0.9	0.8	0.8
Recovery (%)	96.50	96.50	97.14	97.13	n/a	n/a	n/a	n/a
Average mill head grade (% U_3O_8)	2.79	2.07	1.57	1.56	n/a	n/a	n/a	n/a
Cameco employees	267	277	156	155	58	54	43	39

1 Total production for the year ending December 31. See page 15 for Cameco's share of production.

2 McArthur River ore is milled at Key Lake. Some stockpiled Key Lake ore is used to dilute the McArthur River ore. In 1999, production consisted of only Key Lake ore.

OWNERSHIP

(AS OF DECEMBER 31, 2000)

Property	Cameco's Share[1]	Other Owners	Operator
Cigar Lake	50%	COGEMA Resources Inc. 37%, Idemitsu Uranium Exploration Canada Ltd. 8%, TEPCO Resources Inc. 5%	Cigar Lake Mining Corp.
Crow Butte	100%	n/a	Crow Butte Resources, Inc.[2]
Dawn Lake	58%	COGEMA Resources Inc. 23%, JCU (Canada) Exploration Company, Limited 19%	Cameco
Gas Hills	100%	n/a	Power Resources, Inc.[2]
Highland	100%	n/a	Power Resources, Inc.[2]
Key Lake	83%	COGEMA Resources Inc. 17%	Cameco
McArthur River	70%	COGEMA Resources Inc. 30%	Cameco
Peach	100%	n/a	Power Resources, Inc.[2]
Rabbit Lake	100%	n/a	Cameco
Ruby Ranch	100%	n/a	Power Resources, Inc.[2]
Taylor Ranch	50%	Cotter Corporation 50%	Power Resources, Inc.[2]

1 Includes Cameco's wholly owned US subsidiaries.

2 Crow Butte Resources, Inc. and Power Resources, Inc. are wholly owned US subsidiaries of Cameco.

URANIUM RESERVES AND RESOURCES [1]

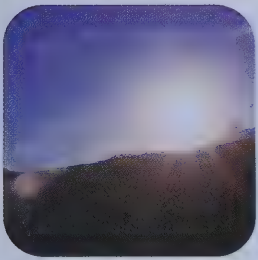
(AS OF DECEMBER 31, 2000)

	Mining Method [2]	Tonnes (thousands)	Average Grade (% U_3O_8)	Total (million lbs U_3O_8)	Cameco's Share (million lbs U_3O_8)
Proven Reserves					
Cigar Lake	UG	519	19.77	226.2	113.1
Crow Butte	ISL	–	–	5.2	5.2
Gas Hills	ISL	–	–	10.6	10.6
Highland	ISL	–	–	5.7	5.7
Key Lake	OP	131	0.41	1.2	1.0
McArthur River	UG	768	21.00	355.5	248.2
Peach	ISL	–	–	3.6	3.6
Rabbit Lake	UG	782	1.30	22.4	22.4
Ruby Ranch	ISL	–	–	3.1	3.1
Total Proven Reserves				633.5	412.9 [3]
Probable Reserves					
Cigar Lake	UG	58	4.20	5.4	2.7
Crow Butte	ISL	–	–	2.7	2.7
Gas Hills	ISL	–	–	7.6	7.6
Highland	ISL	–	–	0.8	0.8
McArthur River	UG	77	23.04	39.0	27.2
Peach	ISL	–	–	1.0	1.0
Ruby Ranch	ISL	–	–	1.7	1.7
Total Probable Reserves				58.2	43.7
Total Proven and Probable Reserves				691.7	456.6
Indicated Resources					
Crow Butte	ISL	–	–	10.2	10.2
Dawn Lake	OP+UG	347	1.69	12.9	7.4
Gas Hills	ISL	–	–	2.1	2.1
Highland	ISL	–	–	2.9	2.9
McArthur River	UG	614	10.74	145.4	101.5
Rabbit Lake	UG	103	0.88	2.0	2.0
Total Indicated Resources				175.5	126.1
Inferred Resources					
Cigar Lake	UG	317	16.92	118.6	59.1
Crow Butte	ISL	–	–	17.1	17.1
Gas Hills	ISL	–	–	19.8	19.8
Highland	ISL	–	–	2.5	2.5
Peach	ISL	–	–	4.0	4.0
Taylor Ranch	ISL	–	–	10.0	5.0
Total Inferred Resources				172.0	107.5

1 For a description of the methodology and definitions used by Cameco in the calculation and presentation of reserves and resources, see page 73.

2 Mining Method: OP - open pit; UG - underground, ISL - in situ leaching.

3 Approximately 5,426,000 pounds of U_3O_8 with an average grade of 1.06% U_3O_8 are contained in broken ore stockpiled on surface at the Key Lake, McArthur River and Rabbit Lake sites.



McArthur River radiation technician Greg Hueser records information on waste rock as it is placed on the storage piles. Cameco conducts a variety of safety and environmental readings on a regular basis at all sites.

URANIUM DEVELOPMENT PROJECTS

Cigar Lake. Cameco is majority owner of Cigar Lake, the world's largest undeveloped high-grade uranium deposit, located in northern Saskatchewan. During 2000, new tests of the high-pressure water jet boring machine were conducted in waste rock and in ore. The tests, which used improved systems, were successful and gave the owners confidence in the industrial scale deployment of the jet bore technology.

The application for the mine construction licence will be submitted to the regulators during 2001 and approval is expected in 2002. Construction could then proceed assuming improved market conditions. It is anticipated that engineering and construction would take about 27 months. Given the time needed for licensing and construction, production is unlikely to begin before 2005. At full production, Cigar Lake is expected to produce 18 million pounds U_3O_8 annually. Cameco's share is 50%.

Inkai. Inkai is an in situ leach project located in Kazakhstan in Central Asia. The project is owned and operated by Joint Venture Inkai of which Cameco holds a 60% interest. The remaining 40% interest is held by KazAtomProm, a company owned by the government of Kazakhstan.

During 2000, the joint venture announced it would proceed with assessing the reserve and resource potential

of the deposit, after signing a resource use agreement with the Kazakhstan government. The assessment requires the construction of a $2 million (US) test mine at the Inkai site. The test mine will also provide technical, economic, and environmental information necessary for a comprehensive feasibility study. The joint venture began construction of the test mine during 2000 with start-up scheduled in the fourth quarter of 2001.

Cameco has agreed to provide funding of up to $40 million (US) to the joint venture for project development over the next few years. To the end of the year 2000, Cameco had advanced $10 million (US).

GOLD MINING [1]

	2000	1999
Kumtor[2]		
Tonnes milled (000 tonnes)	5,482	5,298
Grade (g/t)	4.65	4.54
Mill recovery (%)	81.5	79.3
Production (000 oz)	670.0	610.5
Cash operating cost ($US/oz)	$ 153	$ 179
Cameco		
Production (000 oz)	223.3	203.5
Sales (000 oz)	224.6	205.5
Realized gold prices ($US/oz)	$ 314	$ 338

1 Total production for the year ending December 31.

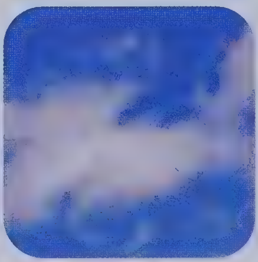
2 Kumtor ownership: Kumtor Mountain Company, a wholly owned subsidiary of Cameco Gold Inc. (33.33%); Kyrgyz Republic (66.67%). Kumtor Operating Company, a wholly owned subsidiary of Cameco Gold Inc. is operator.

URANIUM EXPLORATION

Uranium exploration expenditures in 2000 were $12 million, marginally higher than 1999. Cameco continued to focus its exploration efforts predominantly on prospects in Canada and Australia which are the two areas of the world identified for their potential for higher grade, larger scale, economically attractive deposits.

GOLD

Cameco Gold, a wholly owned subsidiary of Cameco, manages the company's gold activities from its head office in Toronto, Ontario.



The company's gold business consists of a one-third interest in the Kumtor gold operation in Kyrgyzstan and a program of international exploration, development and strategic alliances. Gold-related revenue accounted for 16% of Cameco's total revenue in 2000.

Kumtor operation. Kumtor is owned two-thirds by the government of the Kyrgyz Republic and one-third by Cameco Gold, and is operated by the Kumtor Operating Company (KOC), a wholly owned subsidiary of Cameco Gold.

The Kumtor mine produced about 670,000 ounces of gold in 2000 at a cash operating cost of $153 (US) per ounce—down from $179 (US) in 1999. Cameco Gold's

GOLD RESERVES & RESOURCES [1]

(AS OF DECEMBER 31, 2000)

	Mining Method	Tonnes (thousands)	Average Grade of Gold (g/t)	Average Grade of Gold (oz/T)	Total (thousand oz)	Cameco's Share (thousand oz)
Proven Reserves[2]						
Kumtor Gold	open pit	25,772	4.36	0.13	3,611	1,203[3]
Probable Reserves						
Kumtor Gold	open pit	3,199	3.47	0.10	357	119
Total Reserves		28,971	4.26	0.12	3,968	1,322
Inferred Resources						
Kumtor Gold		23,569	3.73	0.11	2,823	941
Total Resources		23,569	3.73	0.11	2,823	941

1 For a description of the methodology and definitions used by Cameco in the calculation and presentation of reserves and resources, see page 73.

2 Gold reserves were established using a gold price of $300 (US) per ounce.

3 Approximately 58,000 ounces of gold with an average grade of 3.06 g/t (0.09 oz/T) are contained in broken ore stockpiled on surface at the Kumtor mine site.

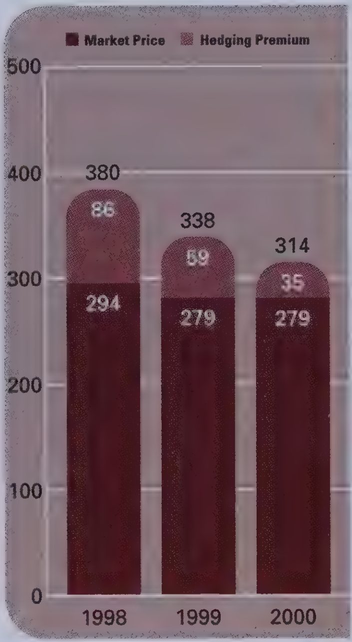
Kumtor refinery operators Kanay Abdykerimov and Don Loupret pour a gold bar at the minesite. More than 2 million ounces of gold have been produced at Kumtor since operations began in 1997.

share was 220,000 ounces. The decrease in cash operating costs was due primarily to the 10% increase in production. Increased production was the result of higher mill throughput, improved mill recoveries and a higher ore grade, which averaged 4.65 grams per tonne, compared to 4.54 grams the previous year.

The spot market price for gold averaged $279 (US) per ounce in 2000 unchanged from 1999. At the end of 2000, Kumtor had about 959,000 ounces hedged. These hedges are expected to yield prices ranging from $308 to $319 (US) per ounce. The hedging program, for the past three years of mine operation, has provided an average premium of $60 (US) per ounce over the spot market gold price.

GOLD EXPLORATION

Gold exploration expenditures decreased in 2000 to $9 million from $11 million in 1999. The company continues to focus its gold exploration efforts on North America where approximately 74% of total expenditures were incurred compared to 64% in 1999.



GOLD HEDGING PREMIUM
(US$/oz)

During the past three years, the hedging program has provided an average premium of $60 (US) per ounce over the spot market gold price.

RESPONSIBLE MANAGEMENT

Key Lake senior environment technician Rodney Probert, plants seedlings as part of the company's revegetation program. To date, more than half a million seedlings have been planted around the Key Lake site.

Cameco operates with a strong commitment to people and the environment.

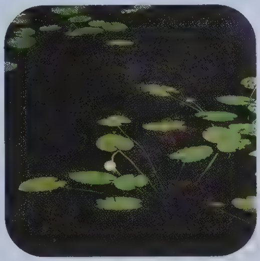
At Cameco, operating responsibly means looking after the health, safety and well-being of our employees and the public, protecting the environment and supporting the communities near our operations. We strive to incorporate these considerations into everything we do.

HOME SAFE

Improving safety. Ensuring the well-being of Cameco's employees so they return home safely to their families is a top priority for the company. Lost-time accidents[1] are often used as a measure of safety at a company's operations.

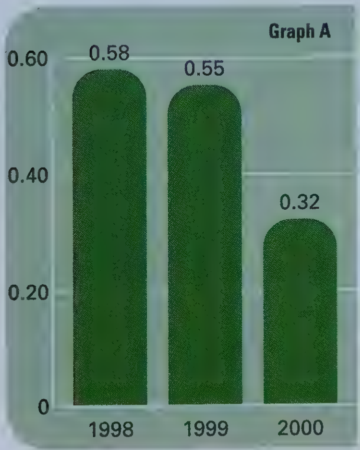
In 2000, the overall lost-time accident frequency achieved by the employees of Cameco and by the employees of long-term contractors working at our facilities was 0.3 per 200,000 hours worked. This frequency is the best in the company's history and compares favourably to the 1.4 and 1.2 frequency rates recorded in the Ontario and Saskatchewan mining industries respectively.

Kumtor is included in Cameco's overall 0.3 frequency, which reflects the safety success achieved at that remote, high altitude operation. Unfortunately, despite these efforts, Kumtor recorded a fatality caused by a traffic accident during the year.



A number of Cameco facilities have reached impressive safety milestones.

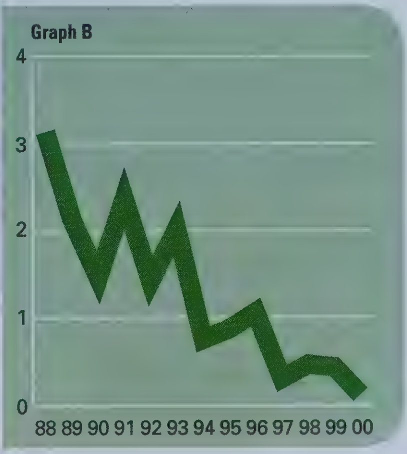
- On February 20, 2001 the Kumtor operation attained 2 million person hours without a lost time accident.
- On January 26, 2001, the Blind River refinery recorded 11 consecutive years, or 1.8 million person hours, without a single lost-time accident.
- The Key Lake operation reached a record three years, or 1.8 million person hours, without a lost-time accident on September 1, 2000.



LOST-TIME ACCIDENT FREQUENCY
(per 200,000 hours worked)

A) Cameco Employees and Long-Term Contractors
Cameco's accident frequency compares favourably to the 1.4 and 1.2 frequency of the Ontario and Saskatchewan mining industries respectively.

B) Cameco Employees Only
Since Cameco was formed, the company has continually strived to improve its safety record.



[1] A lost-time accident occurs when the time lost as a result of a work-related injury prevents employees from reporting to work on their next scheduled work day.

WORKING SAFELY

Number of days without a lost-time injury as of December 31, 2000:

Rabbit Lake Operation	495
Port Hope Operation	573
Key Lake Operation	1,219
Crow Butte Operation	1,441
Gold Exploration	1,826
Blind River Refinery	3,992

- At year-end 2000, several Cameco operations had achieved more than a full year without recording any employee or long-term contractor lost-time accidents.

Mining high-grade uranium safely. Based on the results to date, the radiation protection system adopted at the McArthur River mine is working as designed. The five-year average maximum dose for workers allowed by regulation is 20 millisieverts[2] (mSv) annually. In 2000, the average effective dose experienced by workers was 1.2 mSv and the maximum individual dose was less than 10 mSv.

Enhancing health and safety programming. A new corporate health and safety management system (HSMS) will be launched in 2001 in support of the company's health and safety policy issued in 2000.

That policy commits the company to the following principles:

- providing employees and contractors with a working environment free of uncontrolled hazards,
- identifying and eliminating or controlling risks to levels as low as reasonably achievable,
- monitoring and assessing all operations to achieve continual improvement in overall health and safety performance, and
- compliance with laws and regulations and adherence to accepted industry practices.

While many components of this new system have been in place for some time, it will now provide greater consistency across the company and a better framework to stimulate ongoing improvement.

ENVIRONMENTAL INTEGRITY

Joining elite sustainability group. Cameco's business practices received an endorsement during 2000 when it was selected to join the Dow Jones Sustainability Group Index. This is the first worldwide index to track the performance of leading sustainability-driven companies. Only the top 10% of companies in each industry category are included and there are less than 300 in total. Only 16 are Canadian companies.

Yielding results with new environmental management system (EMS). The company adopted a new environmental policy in 2000 to provide for the implementation of formal environmental management systems, compatible with the ISO 14001 standard, at its Canadian nuclear operations as well as at the Kumtor gold operation in Kyrgyzstan.

ISO 14001 is an internationally recognized standard for environmental management systems through which a company can demonstrate its commitment to sound environmental performance. It establishes a framework to assist with compliance, pollution prevention and continual improvement. The framework calls for independent audits and for recertification every three years.

The company has already seen some benefits resulting from the new EMS system. EMS has led to the formation of inter-site teams which improved information sharing, fostered joint problem solving and encouraged consistency between sites. Some specific examples include:

- selecting and sharing performance tracking software,
- attending training together,
- sharing program and policy development, and
- generating new ideas for procedure development.

In addition, EMS has assisted in prioritizing projects based on the significance of the potential environmental impact. Overall, the EMS initiative has raised employee awareness about environmental issues.

Achieving environmental benchmark at Port Hope. The Port Hope conversion facility received certification under the ISO 14001 program on April 6, 2000.

[2] Millisievert is a measure of a dose of ionizing radiation. Dose is the amount of energy deposited in tissue.

By year-end 2001, Cameco plans to achieve certification at its Blind River refinery and be ISO 14001 ready at its Key Lake uranium operation and the Kumtor gold mine.

COMMITTED TO LOCAL EMPLOYMENT

Employing nationals in Kyrgyzstan. In Kyrgyzstan, Cameco's commitment to maximizing social and economic benefits to the communities near our operations has resulted in local people making up more than 90% of the Kumtor workforce.

Employing northerners in Saskatchewan. Cameco has always been committed to the integration of its activities into the social and cultural fabric of northern Saskatchewan where employees are drawn from about 20 aboriginal communities.

More than half of the 936 workers, including long-term contractors, at Cameco's Saskatchewan mines are residents of northern Saskatchewan and most of that group are of aboriginal ancestry. Collectively, these northern residents earn approximately $20 million each year.

Cameco remains one of Canada's leaders in the industrial employment of aboriginal people.

BUILDING THE NORTH

Supporting northern Saskatchewan businesses. Cameco's business development strategy provides preferential consideration for business proposals with northern Saskatchewan and aboriginal involvement. This strategy has proven to be successful in many ways. For example, Cameco acquired more than $69 million worth of goods and services from northern Saskatchewan

Maurice Balych, superintendent of environment and safety at McArthur River, examines erosion control and revegetation along the 80 km all-weather road between McArthur River and Key Lake.

EMPLOYMENT

(as of December 31, 2000)	Uranium		Gold		Total
	Cameco and subsidiaries	Long-term contractors	Cameco subsidiaries	Long-term contractors	
Canada	1,260	288	14	–	1,562
United States	121	12	7	–	140
Kyrgyzstan	–	–	1,510	92	1,602
Kazakhstan	2	5	–	–	7
Australia	10	–	–	–	10
Total	1,393	305	1,531	92	3,321

businesses in 2000, representing 45% of Cameco's total Saskatchewan purchases.

Helping to revitalize fishing in Wollaston. In 2000, Cameco provided part of the funding needed to build a fish packing plant in the community of Wollaston Lake near its Rabbit Lake operation. The new plant allows Wollaston-based fishermen to deliver fish to a facility close to home, resulting in decreased fuel costs for the fishermen and increased spending in the community.

THE POWER OF COMMUNITY

Searching for a cure. Cameco helped launch "The Quest for a Cure" in 1994, the result of which was Saskatchewan's first and only multiple sclerosis neuroscience research centre. The centre is successfully pursuing its goal of developing a laboratory-to-bedside research facility where advances in neurobiology are quickly translated to patient care.

In 2000, Cameco renewed its investment and announced a new campaign—"The Quest Continues"—to raise funds to expand the centre. Cameco underwrote all fund-raising costs associated with the new campaign to ensure all donations went directly to the expansion of the research centre.

Cameco is proud to partner with the people of Saskatchewan to help those individuals whose lives have been affected by MS.

Pulling for the North. Since its inception in 1998, Cameco has supported the Canadian Challenge, an annual 530-kilometre sled dog race which takes place in northern Saskatchewan. The race was created to promote the traditional sport of sled dog racing. Judging by the reception to date, the initiative has been very successful. In 1998, the race attracted about 800 spectators. In 2000, that number grew to more than 6,500.

Cameco is pleased to be part of an event which reflects the unique spirit and energy of the north.

Senior mine technician Tobi Ann Long checks the air flow to ensure proper ventilation underground at the McArthur River mine. The mine will continue to ramp up production in 2001 and achieve full production of 18 million pounds U_3O_8 in 2002.

Laboratory technologist Cindy Bowser takes a groundwater sample near the Blind River refinery. The environmental program is aimed at ISO 14001 certification at the plant in 2001.

Contents

The availability of information about the nuclear industry tends to be limited. This management's discussion and analysis (MD&A) is designed to provide investors with an informed discussion of Cameco's business activities within the industry. The MD&A is organized into the following six sections:

OVERVIEW

The nature of Cameco's business lines are described including the types and locations of operations and the key financial drivers for the company. The important corporate developments for the year are discussed. A review of the consolidated financial results completes the section.

MARKETS

To facilitate understanding of Cameco's business environment, this section provides a review of conditions and trends in the primary uranium and gold markets into which the company sells its products and services. Trends and their potential impact on the company and the nuclear power industry are described.

BUSINESS SEGMENTS AND CORPORATE EXPENSES

This section provides a detailed explanation of the financial results achieved by Cameco during the year in the nuclear and gold business segments. A review of administration expenses, interest costs and income taxes discusses the corporate expenses including those incurred to support the company's operations.

CASH AND LIQUIDITY

This discussion provides insight into the company's ability to generate cash flow and the areas to which cash is directed to achieve business objectives.

BUSINESS RISKS

This section outlines risks in the company's business environment and how the company manages those risks.

THE FUTURE

This section outlines current key business conditions, trends and risks which may affect the operating results and the financial health of the company.

OVERVIEW

CAMECO'S BUSINESS

Cameco's core business is the nuclear energy industry in which it participates as a leading supplier of uranium and uranium conversion services. The company also operates a large gold mine in Central Asia. Cameco is the world's largest uranium supplier. The company's competitive position is based upon its large, high-grade reserves and low-cost operations. Cameco mines uranium in Canada and in the United States (US) and sells uranium concentrates (U_3O_8) from these and other sources. This material is undifferentiated from the uranium sold by Cameco's competitors. Cameco's U_3O_8 is sold primarily through long-term contracts negotiated between the company and its customers. Uranium is not traded on a commodities exchange.

The company operates two uranium conversion plants in Canada. Conversion is a process whereby U_3O_8 is purified and converted into uranium hexafluoride (UF_6), an intermediate compound in the production of fuel for light water reactors, or into natural uranium dioxide (UO_2) which is used as fuel for heavy water reactors.

The most significant factors impacting the financial performance of Cameco are:

- market price for U_3O_8 determined by market supply and demand forces,
- sales volumes for nuclear products,
- foreign exchange rates primarily between the Canadian and US dollars,
- market price for gold, and
- unit costs of production.

Uranium is the fuel nuclear reactors use to generate electricity. More than 400 reactors operate in 31 countries and account for about 17% of the world's electricity. The US, where nuclear power generated about 20% of the electricity in 2000, is the largest market and accounts for over 35% of the western world's uranium consumption.

Globally, demand for electricity is growing at an annual rate of 2.8%, faster than the total demand for energy. This is due, generally, to economic growth and in particular to the industrialization of the developing world. Annual growth in uranium demand is expected to remain at about 1% over the next 10 years as new reactor startups are offset by forecasted closures. Supplies of uranium are provided by primary production centres like Cameco's mines and secondary sources such as excess utility and government inventories. About 145 million pounds U_3O_8 is consumed annually in the western world, approximately half of which in 2000 came from primary production.

HIGHLIGHTS OF THE OPERATING YEAR

Several important developments marked the year 2000 for Cameco and each will bring long-term benefits to the company and its shareholders.

The first is the achievement of commercial production at the McArthur River mine which produced 11 million pounds U_3O_8 in 2000.

The second also related to the McArthur River mine where, at December 31, 2000, Cameco's share of proven and probable reserves was increased by 54% to 275 million pounds U_3O_8.

The third was the signing in October of a memorandum of understanding with British Energy PLC (BE) whereby Cameco would acquire a 15% interest in Bruce Power Limited Partnership (Bruce Power). Bruce Power, pursuant to an agreement with Ontario Power Generation Inc. (OPG) will lease and operate the Bruce nuclear power plants located on the eastern shore of Lake Huron in Ontario. The term of the lease runs through 2018 with Bruce Power having the option to extend the lease for a further 25 years. Cameco's investment in Bruce Power, which remains conditional on the closing of the BE and OPG transaction, offers Cameco an attractive growth opportunity in the nuclear business.

The fourth is the successful licensing of the Inkai in situ leach (ISL) uranium deposit in Kazakhstan. Cameco is now in a position to use its ISL expertise to evaluate the feasibility of developing this large deposit by completing a test mine program.

The fifth and more general accomplishment is that through a year like 2000, which saw the lowest uranium and gold prices in many years, Cameco increased net earnings before special items by 7% from a year ago and Cameco continues to generate strong cash flows which are indicative of the company's exceptional asset base and balanced marketing strategy.

Finally, Cameco's employees achieved an outstanding safety record in 2000. Eight of the 11 locations which Cameco operates recorded no lost-time accidents. Cameco employees achieved their best ever accident frequency of 0.11[1]. Cameco's long-term contractors achieved a frequency of 1.27.

1 Frequency is measured per 200,000 person hours worked.

CONSOLIDATED FINANCIAL HIGHLIGHTS
($ millions)

	2000	1999	% Change
Revenue	$ 689	$ 742	(7)
Earnings (loss) from operations	(46)	79	(158)
Net earnings (loss)[1]	(87)	71	(223)
Net earnings before special items	45	42	7
Cash provided by operations	224	249	(10)
Uranium production (million lbs U_3O_8)	16.6	16.8	(1)
Conversion operations (UF_6 & UO_2) (thousands tU)	9.3	11.2	(17)
Gold production (thousands oz)	223	204	9

[1] attributable to common shares

In 2000, Cameco's results were reduced by continuing price weakness in the nuclear and gold markets. The company's revenue and cash flows declined in comparison to 1999.

EARNINGS

For 2000, the company recorded a net loss of $87 million ($1.57 per share) after taking two special charges: a one-time, non-cash charge of $121 million after tax ($2.17 per share) related to the writedown of its ISL uranium assets in the US; and a one-time $20 million pre-tax provision ($11 million after tax) for the management of low level radioactive wastes in Ontario. This $87 million loss compared unfavourably to net earnings of $71 million ($1.24 per share) in 1999 which reflected a one-time gain on sale of assets as well as a writedown.

Excluding the effects of the 2000 and 1999 special charges and gain on sale, earnings in 2000 would have been $45 million ($0.81 per share) compared to $42 million ($0.72 per share) in 1999. This improvement in 2000 was the result of lower expenses for interest, exploration and income tax, which together exceeded the reduction in gross profits. The table below shows the impact of the special items over the past two years.

GROSS PROFIT

Weaker realized prices for nuclear and gold products and lower deliveries of nuclear products resulted in reduced revenues and gross profits. In 2000, total revenue fell by 7% to $689 million from the record level of $742 million reached in 1999. Cameco's realized prices decreased in 2000 as a result of lower spot market prices and the maturing of favourably priced uranium contracts and gold hedges. In 2000, the overall gross profit margin fell to 23% from 24% in 1999. The average over the last five years has been 27%.

CASH FLOW

In spite of the weakness in the nuclear and gold markets, Cameco continued to generate strong cash flows from its operating activities. Including changes in other operating items, cash provided by operations was $224 million ($4.04 per share) compared to $249 million ($4.35 per share) in 1999. This decrease was related primarily to lower revenue which was the result of slightly reduced nuclear volume and weaker prices in both business segments.

THE EFFECTS OF SPECIAL ITEMS ON EARNINGS
($ millions, except per share amounts)

	2000	1999	Per Share 2000	Per Share 1999
Net earnings (loss) attributable to common shares	$ (87)	$ 71	$ (1.57)	$ 1.24
Add (deduct) special items:				
▪ writedown of mineral properties	128	49	2.30	0.85
▪ gain on sale of uranium interests	–	(13)	–	(0.23)
▪ provision for low level wastes	20	–	0.36	–
▪ related income tax recovery	(16)	(65)	(0.28)	(1.14)
Net earnings before special items	$ 45	$ 42	$ 0.81	$ 0.72

INVENTORIES

Total product inventories at the end of 2000 amounted to $365 million, $56 million or 13% lower than the previous year end. This is a result of the company's plan to reduce its U_3O_8 inventories as it ramps up production at the McArthur River mine.

DEBT

During the year, total outstanding debt declined by $65 million to end the year at $294 million. The total debt to capitalization ratio was reduced to 14% from 16%.

SHARE REPURCHASE

During the year, the company repurchased 2.4 million of its shares at an average cost of $19.76, approximately 70% of the company's per share book value of common shareholders' equity at year end 2000. During the term of the program, which began in 1999, the company repurchased 2.9 million shares at an average cost of $20.39. At the end of 2000, 55.5 million shares remained outstanding.

MARKETS

URANIUM MARKET REVIEW

Spot uranium market. Lower demand coupled with the presence of aggressive inventory sellers caused the spot uranium price to fall by 26% over the year and to level off at historic lows late in the fourth quarter. The market was less active in 2000, with about 10% of the western world's uranium consumption sold on the spot market, versus an average of about 15% over the past five years.

Long-term uranium market. The 8% decline in the published long-term contract price indicators during 2000 reflected the aggressiveness of some suppliers. Continuing low spot prices create the expectation of plentiful and inexpensive supplies and thus have a negative impact on long-term prices. Historically about 85% of all uranium is sold under long-term, multi-year contracts with deliveries starting one to three years after signing.

URANIUM MARKET REVIEW

	Contract Volumes million lbs U_3O_8		Year-End Prices $US/lb U_3O_8		
Market	2000	1999	2000	1999	% Change
Spot uranium	15	25	7.10	9.60	(26)
Long-term uranium	65	60	9.25	10.00	(8)

	Contract Volumes millions of kgU as UF_6		Year-End Prices $US/kgU as UF_6		
Market	2000	1999	2000	1999	% Change
Spot UF_6 conversion	5	6	3.25	2.55	27

The company has more than 100 million pounds U_3O_8 and more than 46,000 tonnes of uranium conversion under contract for delivery over the next decade.

In 2000, volumes contracted for future delivery and as spot market purchases together represented only 55% of western world consumption.

Spot conversion market. Spot prices for UF_6 conversion services fell during the year, to $2.35 (US) in July before recovering in the fourth quarter. Prices were driven to low levels through most of 2000 due to the availability of significant secondary supplies and low demand.

Significance to Cameco. Cameco does not sell uranium or conversion services on the spot market. However, approximately 60% of Cameco's uranium under long-term contract is sold at prices which reference the spot market price at the time of delivery, and a small percentage of the company's conversion contracts reference the spot conversion market price at the time the service is performed.

TRENDS IN THE NUCLEAR POWER INDUSTRY

A number of important trends continue to evolve which affect Cameco's business environment.

Nuclear utilities consolidate. Faced with deregulation, electric utilities in the US and western Europe are restructuring through mergers and acquisitions to achieve economies of scale and to consolidate expertise.

In the US, assuming all of the announced mergers and acquisitions occur, the largest three nuclear utilities will own one-third of the operable US nuclear capacity, compared to one-fifth at the end of 1999. In Germany, a similar consolidation may reduce the number of nuclear utilities to four from nine.

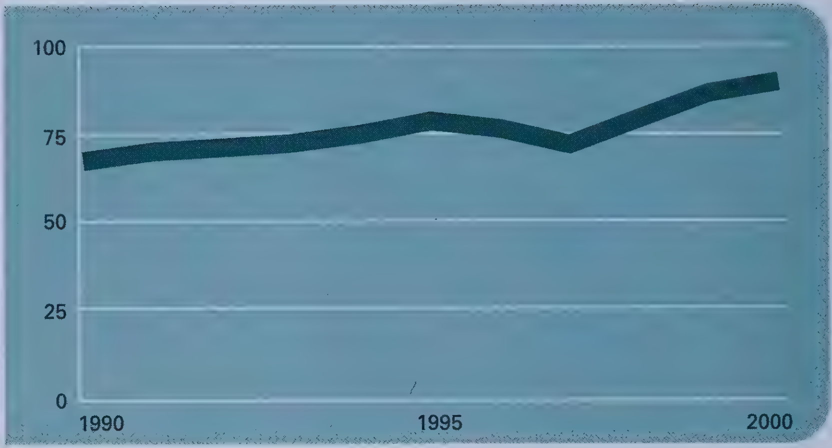
Under deregulation, low electricity production costs are imperative. Larger buyers of uranium and conversion services are likely to seek ways to minimize the impact of price volatility and optimize their nuclear fuel purchasing and holding costs, with potential benefits and risks for a major supplier such as Cameco.

Nuclear plants operate better. Many utilities have upgraded the performance of their reactors, generating more electricity at lower costs.

In the US, the increase in the industry average capacity factor for nuclear plants over the past 10 years is equivalent to 23 new 1,000 megawatt reactors. Further improvements are likely to the record average US

US REACTOR CAPACITY FACTORS (percent)

The average capacity factor is expected to continue to rise. In 1997, the average dropped because 10% of the US reactor fleet was off-line the entire year.



capacity factor of about 90% achieved in 2000. Each 1% improvement in the world average capacity factor would increase annual uranium consumption by about 1.5 million pounds.

Nuclear plant licence extensions. In 2000, five US nuclear units received 20-year licence extensions and a further 33 units are expected to apply for extensions in the next few years. In total, this represents about one-third of US nuclear generating capacity.

In Switzerland, the government has decided not to place time limits on the operation of nuclear power plants, allowing the five Swiss plants to operate as long as they are determined to be safe.

Nuclear power and politics. In Europe, some reactor closures may occur in the short term as a result of political decisions in Germany and Sweden, but these countries still must deal with economic and environmental realities, and the need to meet growing electricity demand.

In Sweden, the government has postponed the previously announced premature closure of a nuclear reactor citing the lack of emissions-free replacement power and potential power shortages.

In Germany, the government and the nuclear energy utilities have agreed to a plan to eventually phase-out nuclear power. The deal is expected to have little impact on uranium demand for the next several years as the largest and most efficient reactors are expected to run well beyond another decade.

In Belgium, a commission studying the country's electricity supply options reported that continued use of nuclear energy, which currently supplies 58% of the country's power, is a necessity due to environmental and cost implications.

The European Commission has released a green paper on energy supply security that stresses the vital role of nuclear power in meeting the European Union's future energy needs while honoring its environmental commitments.

In the Far East, both Korea and Japan announced the construction of new reactors and, after extensive political debate, Taiwan decided to continue with the construction of two units which are already one-third complete. Similarly, with eight reactors under construction, China is proceeding with its planned nuclear energy program.

For the first time in many years, there is interest in the construction of new nuclear plants in the US. The Nuclear Energy Institute and a group of major utilities are identifying the conditions necessary for building new nuclear units. In addition, the Tennessee Valley Authority is considering spending up to $1 billion (US) to bring one of its reactors out of retirement to meet the need for more electricity.

On a negative note, at the United Nations climate change meetings in November, nuclear power appeared at risk of being excluded from the list of technologies which qualify for the reduction of greenhouse gas emissions. However, the failure to reach agreement has given the nuclear community another opportunity to address this risk and to build additional support.

Impact on the nuclear industry. It is difficult to know whether the foregoing trends and the national debates on the long-term future of nuclear power will result in more or less favourable conditions for the nuclear industry. The next few years could be critical. In any event, the increase in plant capacity factors and the extension of reactor life makes it highly likely that the current level of uranium and conversion demand will continue for many years. In the

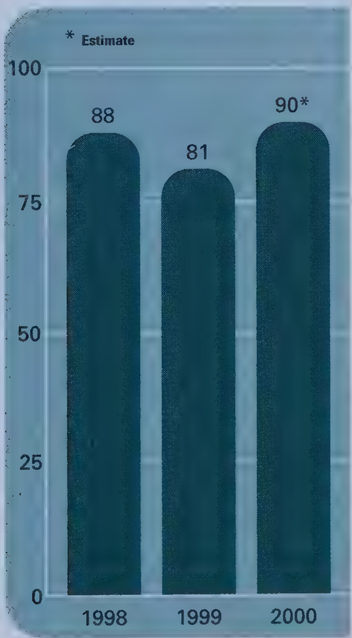
nearer term, buyers' perceptions that there are ample supplies of uranium should change as excess inventories decline. Management expects that this should cause uranium prices to more closely reflect the costs of developing and operating uranium mines.

UPDATE ON URANIUM SUPPLIES

Inventory drawdown continues. Prior to 1985, uranium production exceeded reactor requirements due, in large part, to government incentive programs that anticipated rapid growth of nuclear generated electricity. The result was a build up of large inventories. For the past 15 years, production has fallen short of annual requirements and a large portion of these inventories has been consumed.

The drawdown of excess western world inventory held by utilities, producers, governments and others, was estimated at 35 million pounds in 2000, similar to the previous year. Over 500 million pounds of excess world inventory has been drawn down since 1985. At year-end 2000, excess western world inventories were estimated by Cameco to be approximately 150 million pounds U_3O_8.[1] Inventory drawdown in 2001 is expected to continue at the 2000 rate.

World uranium production update. World production in 2000 was estimated at about 90 million pounds U_3O_8, an increase of 11% from 1999. Western world production increased by 13% to about 72 million pounds. Production in 2001 is expected to be about the same as 2000 with cutbacks and shutdowns being replaced with increased production at McArthur River and some other smaller production centres.



WORLD URANIUM PRODUCTION
(million lbs U_3O_8)

Canadian and Australian output accounted for most of the increase in production in 2000.

Russian uranium from highly enriched uranium (HEU). As a result of a 1994 agreement between the US and Russia to reduce the number of nuclear weapons, additional supplies of uranium have been available through the HEU natural uranium feed agreement (the HEU agreement).

In 2000, the HEU agreement worked as intended during periods of low market prices. All scheduled 2000 HEU deliveries were received in the US with approximately 5 million pounds purchased by Cameco and the other parties to the commercial agreement. The uranium not purchased is being returned to Russia, to be held in a segregated stockpile or used in blending additional HEU.

U_3O_8 trade restrictions. In 1992, the US Department of Commerce (DOC) entered into agreements with the uranium-producing republics of the Commonwealth of Independent States (CIS) limiting the amount of uranium that could be sold in the US. In 2000, the DOC ruled that the restrictions on imports of Russian uranium will continue until 2004, but that the restrictions on Uzbekistan and Ukraine were to be lifted. The European Union has more flexible, but still restrictive, import rules concerning CIS uranium. These rules are currently under review.

GOLD MARKET REVIEW

After approaching $300 (US) per ounce early in 2000, average monthly gold prices drifted lower over the remainder of the year. The average spot price for the year was $279 (US) per ounce. Over the past four years, the price of gold has fallen almost 25%, reflecting an oversupplied market.

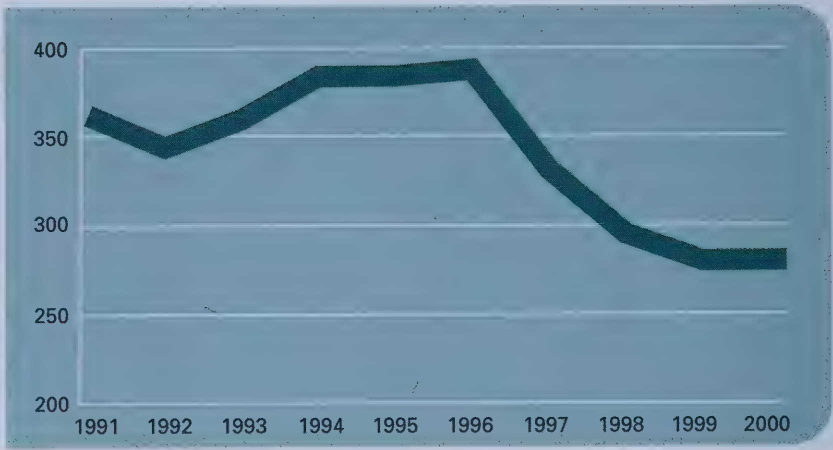
Gold's lackluster performance in recent years indicates a shift in the global pattern of gold demand. The metal's investment role as a store of value and a hedge against inflation has apparently diminished because of a change in attitude of central banks and competition from other financial instruments. The precious metal's value is now increasingly driven by real and anticipated physical demand-supply fundamentals, much like any other commodity.

Throughout 2000, sales from official sources such as central banks were at higher levels than in the past. Countries party to the European agreement to limit

[1] Cameco's estimate of the amount of inventory held by western world companies which is in excess of the inventory held for security of supply and normal business operations.

AVERAGE GOLD PRICE
(US$/oz)

For both 1999 and 2000, the average spot gold price was $279 (US) per ounce.



official sales appeared to have adhered to their undertakings, but those outside the agreement embarked on opportunistic sales from their reserves.

Worldwide gold production was unchanged in 2000 compared with the prior year. The depressed price of gold has forced production changes to achieve lower costs, such as high-grading at some mines, and the closure of other high-cost mines. Low prices have prompted producers to delay or cancel start up of new projects. Lower levels of exploration spending make it improbable that reserves being exploited will be replaced on a sustained basis.

Sources of supply were somewhat balanced by good physical demand that provided support to gold around the $270 per ounce level. Jewelry sales for the year showed a slight increase over the prior year.

A decline in the value of the US dollar from its record high levels, and a severe setback in North American stock markets could stimulate near term investor interest in gold.

MANAGEMENT'S STRATEGIC RESPONSE

Since 1996, uranium price trends have been in decline, reflecting oversupplied market conditions, and the company's earnings have suffered accordingly. Gold prices also have deteriorated during this period. As a leading low-cost producer in the uranium industry, Cameco's response to its business environment has included the following strategic actions:

- acquisition of a major competitor, Uranerz, in 1998,
- reduced production levels at all operating locations, except McArthur River,
- deferral of the Cigar Lake project,
- negotiation of agreements to gain access to a significant portion of secondary supply sources of uranium such as from Russian highly enriched uranium,
- the purchase of uranium in the spot market,
- the reduction of costs in uranium and gold operations, in discretionary programs such as exploration, and administration.

During this period, Cameco has positioned itself to benefit from a recovery in the uranium markets while limiting its exposure to market downturns. This has been achieved primarily by structuring new contract pricing to maintain a mix of spot market and fixed prices.

In 2001, Cameco's strategy will remain one of growth in the nuclear industry if attractive opportunities arise which utilize the company's expertise as a producer and supplier of nuclear fuel products. At the same time, the company will strive to reduce its operating costs.

BUSINESS SEGMENTS AND CORPORATE EXPENSES

NUCLEAR BUSINESS

Consolidated results. Cameco's nuclear business consists of the operation of the McArthur River, Key Lake and Rabbit Lake mine/mill operations in Saskatchewan, the ISL operations in the US, the uranium conversion plants in Ontario, the testing of the Inkai ISL property in Kazakhstan, and the exploration for uranium in North America and Australia.

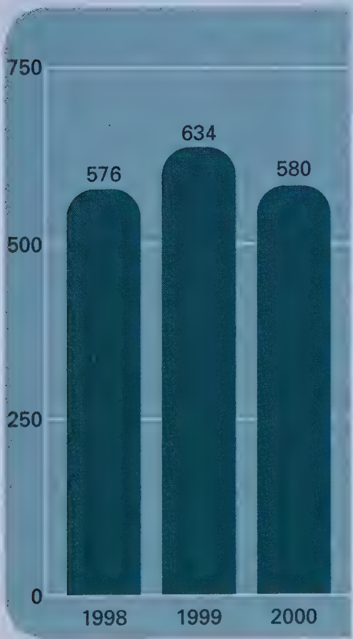
Revenue. In 2000, Cameco's revenue from the nuclear business declined by 9% to $580 million due mainly to decreases in realized prices and volumes for uranium concentrates. The average realized price for U_3O_8 was 6%

lower than in the previous year due to the decline in the spot price and the expiration of some high-priced, base-escalated contracts. Concentrate deliveries were 4% lower than the record sales volume achieved in 1999. Revenue was also negatively influenced by lower deliveries for conversion services which fell by 5% compared to 1999.

Cost of products and services sold. In 2000, the cost of products and services sold was $365 million representing a decrease of $14 million or 4% because of the lower volumes delivered and a decrease of $9 million in royalty costs, which are included in the costs of products and services sold. These decreases were partially offset by increased unit cash costs for U_3O_8 and conversion services. In 2000, about 31% of Cameco's uranium sales were comprised of higher cost purchased material, up from 28% in 1999.

The cash cost for conversion services was adversely affected by reduced production which was 17% lower than in 1999.

Depreciation, depletion and reclamation. Depreciation, depletion and reclamation charges totaled $86 million for 2000, a decline of $11 million or 11% compared to the previous year. The lower charges were the result of the reduced volumes and the higher deliveries of purchased U_3O_8. Depreciation is allocated only to produced material. On a per unit basis, depreciation, depletion and reclamation charges for uranium were about 9% lower than in 1999. In the next few years, depreciation charges are expected to be lower as a result of the writedown of ISL assets and the increase in reserves at McArthur River. The impact of these changes on the results for 2000 was minimal.



NUCLEAR REVENUE
($ millions)

Compared to 1999, the average spot price for the year declined by 20% while Cameco's average realized price for U_3O_8 was down 6%.

Gross profit. In 2000, gross profit in the nuclear business amounted to $129 million compared to $159 million in 1999, a decline of $30 million or 19%. Gross profit from uranium was lower due primarily to the lower uranium price while gross profit from conversion services was lower mainly due to higher unit costs caused by lower production. The gross profit margin for the nuclear business fell to 22% from 25%.

Uranium exploration. Uranium exploration expenditures in 2000 were $12 million, marginally higher than 1999. Exploration efforts continue to be focussed predominantly on prospects in Canada and Australia which are the two areas of the world identified for their potential for higher grade, economically attractive discoveries. The La Rocque Lake prospect in Saskatchewan is one of the company's more advanced projects and continues to show encouraging indications of mineralization.

Writedown of mineral properties. In 2000, a review of the company's carrying values of its nuclear assets determined that a writedown of its ISL uranium assets in the US was warranted. The impact on earnings amounted to $121 million, net of a $7 million tax recovery. The amount of the writedown was determined on the basis of estimated future net cash flows calculated using forward price projections which averaged those of third-party industry experts and Cameco's internal estimates.

The writedown represents all of the value associated with the company's ISL uranium producing assets at Highland (Wyoming) and Crow Butte (Nebraska) as well as a portion of the carrying values of some ISL properties designated for future development.

Provision for waste disposal. In 1988, Cameco assumed the ownership and primary operational responsibility for low level radioactive waste management at four locations in Ontario. In the fourth quarter of 2000, the Government of Canada and the three communities involved signed an agreement for the clean up, storage and long-term management of historical wastes, including this waste.

Accordingly, the company established a one-time provision for this liability in the amount of $20 million and included this amount in the total reclamation provision for 2000. The provision represents Cameco's remaining liability for these wastes accumulated by one of Cameco's predecessor

	2000	1999	% Change
Kumtor			
Reserves - proven and probable (000 tonnes)	28,971	34,448	(16)
Average grade (g/t)	4.26	4.28	–
Contained gold (000 oz)	3,968	4,744	(16)
Tonnes milled (000 tonnes)	5,482	5,298	3
Grade (g/t)	4.65	4.54	2
Mill recovery (%)	81.5	79.3	3
Production (000 oz)	670.0	610.5	10
Cash operating cost ($US/oz)	$ 153	$ 179	(15)
Cameco's Share			
Production (000 oz)	223.3	203.5	10
Sales (000 oz)	224.6	205.5	9
Realized gold price ($US/oz)	$ 314	$ 338	(7)

companies, Canada Eldor Inc., a federal crown corporation. A cost sharing formula agreement stipulates that all additional costs related to this material will be the responsibility of the federal government.

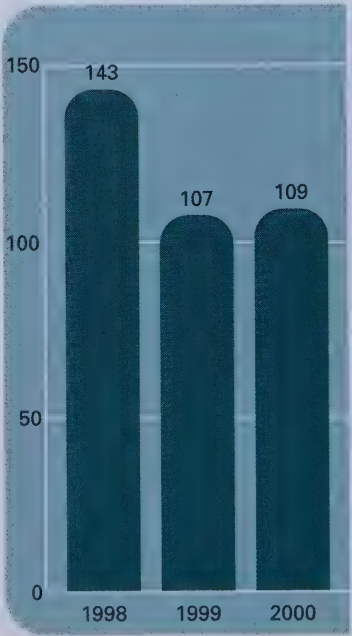
Gain on sale of property interests. In 2000, no gains were recorded, but in 1999 the company sold certain uranium interests, primarily related to McArthur River, for net proceeds of $239 million, resulting in a pre-tax gain of $13 million. In addition, a $59 million recovery of deferred tax was recorded on this sale.

GOLD BUSINESS

Results. Cameco's gold business consists of the operation of the Kumtor gold mine in the Kyrgyz Republic, Central Asia, in which it has a one-third interest, and of exploration activities, mainly in North America and Central Asia.

Revenue. In 2000, revenue from the gold business was $109 million (Cdn), an increase of 2% from 1999 due mainly to a 9% increase in sales from the Kumtor mine. The greater volume more than offset a lower realized price which fell 7% to $314 (US) from $338 (US) in 1999.

The average spot market price for gold during 2000 was $279 (US) per ounce, unchanged from 1999. At December 31, 2000, Kumtor Gold Company's (KGC) hedge position was 959,000 ounces, one-third being Cameco's share. It is expected that these hedges including the future expected impact of contago, will yield prices ranging from $308 (US) to $319 (US) per ounce. The mark-to-market gain on Cameco's share of the hedge position at year-end was $7 million (US) based on a spot market gold price of $273 (US) per ounce.



GOLD REVENUE
($ millions)

Cameco's hedging program generated a premium to the spot price of $35 (US) per ounce in 2000.

Cost of products and services sold. For 2000, the cost of products and services sold was $49 million, a decline of $1 million or 2% due primarily to lower unit cash costs. At Kumtor, the cash operating cost declined to $153 (US) per ounce from $179 (US) in 1999 due mainly to a 10% increase in production. This resulted from improvements in ore grade, throughput, and recovery rate. The unit cash cost is calculated in accordance with the standards established by the Gold Institute.

Depreciation, depletion and reclamation. In 2000, depreciation, depletion and reclamation charges amounted to $31 million representing a decline of $9 million or 23% compared to 1999. This reduction was mainly due to a lower depreciation rate which fell to $93 (US) per ounce from $132 (US) per ounce in 1999 as a result of the writedown taken in 1999. The reduction in the depreciation rate was partially offset by the increased sales volume.

Gross profit. Gross profit from the gold business was $29 million in 2000, up $12 million or 71% compared to 1999. The gross profit margin for gold was 26% compared to 16% in 1999. On a unit basis, the effect of the lower gold price was more than offset by the reduced cash costs and lower depreciation rate.

Gold exploration. Gold exploration expenditures decreased in 2000 to $9 million from $11 million in 1999. The company continues to focus its gold exploration efforts on North America where approximately 74% of total expenditures were incurred compared to 64% in 1999.

Writedown of mineral properties. In 1999, Cameco reduced the carrying value of its investment in the Kumtor gold mine by $46 million ($40 million after tax). In 1999, Cameco also reduced the carrying values of investments in other gold interests by $4 million.

CORPORATE EXPENSES

Administration. In 2000, administration expenses rose by $2 million to $38 million compared to the prior year. This increase was attributed to higher provisions for employee pension and other post-retirement benefits.

Interest and other. Net expenses decreased by $9 million compared to 1999 due mainly to lower debt levels, higher interest income and foreign exchange gains. In 2000, the average outstanding debt was $327 million compared to $480 million in 1999. Interest income from the subordinated loan to KGC was greater in 2000 due to compounding of interest and an increase in the rate. For 2000, the rate of interest on the subordinated loan was 12.5% compared to 11.3 % in 1999. In addition, Cameco recognized a foreign exchange gain of $4 million with the payment of principal and interest received on its subordinated loan to KGC.

These favourable factors were partially offset by lower amounts of capitalized interest costs. The rate of interest capitalization was reduced with the declaration of commercial production at McArthur River effective November 1, 2000. See note 13 to the consolidated financial statements.

Income taxes. In 2000, income tax expense was $35 million representing an increase of $37 million compared to 1999. The income tax expense in each of these years was significantly influenced by special items.

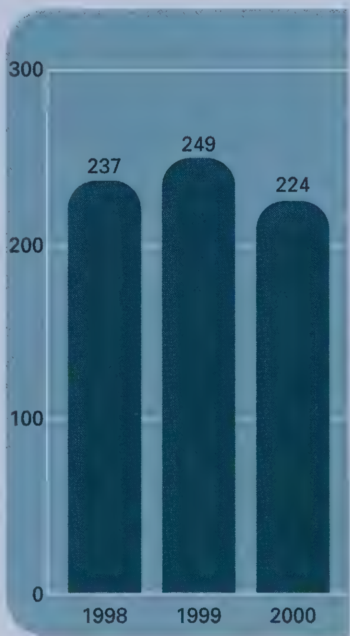
Before the special items, income taxes were $51 million in 2000, down $11 million from the previous year. The effective tax rate for 2000 declined to 49% from 55% mainly the result of a greater proportion of pre-tax earnings being derived from gold operations outside of Canada where they are subject to a lower tax rate.

Income tax expense includes large corporations tax which amounted to $5 million in each of 2000 and 1999. See note 16 to the consolidated financial statements.

CASH AND LIQUIDITY

CASH RESOURCES

Operating activities. In 2000, the company's operating activities provided $224 million ($4.04 per share) compared to $249 million ($4.35 per share) in 1999. This decline was mainly attributable to the reduced gross profit caused by lower prices for the company's nuclear products and services. The effect of the lower gross profit was partially offset by the receipt of interest payments from Cameco's subordinated loan to KGC. The amount of the interest payment received was $26 million (US) and included all interest accrued to December 1, 2000. The cash generated in 2000 was also bolstered by a



CASH FROM OPERATIONS
($ millions)

During 2000, cash from operations funded capital expenditures, share repurchases, dividends, preferred security charges and the repayment of some debt.

reduction of uranium inventory, offset somewhat by cash deployed to roll forward financial hedge positions.

Excluding changes in other operating items, cash provided by operations was $201 million ($3.62 per share) compared to $228 million ($3.97 per share) in 1999.

Investing activities. In 2000, the company's expenditures for property, plant and equipment amounted to $95 million, a decline of $117 million from the 1999 amounts due mainly to the completion of development at McArthur River. The company spent $47 million at McArthur River compared to $106 million in 1999. Development costs at Cigar Lake were $17 million compared to $34 million a year earlier due to the reduction in activity while the feasibility study was being revised and mining tests were being performed in waste rock and high-grade ore.

During the year, the company also received a $10 million (US) repayment of principal on its subordinated loan to KGC. This was the first payment against the principal amount and, at December 31, 2000, the outstanding balance was $97 million (US). In 1999, investing activities also included net proceeds of $239 million related to the sale of uranium interests.

Financing activities. In 2000, financing activities used $152 million primarily for debt repayment, preferred securities charges, dividends and the share repurchase program. In total, over the 1999 – 2000 period, the company repurchased 2.9 million shares at an average price of $20.39 per share. In 1999, cash used in financing activities was $277 million due primarily to a $225 million net repayment of debt.

LIQUIDITY AND CAPITAL RESOURCES

Overview. Financial liquidity represents the company's ability to fund future operating activities and investments. Some important measures of liquidity are summarized in the table below.

Indicators defined. Cash provided by operations reflects the net cash flow generated by operating activities after consideration for changes in working capital.

LIQUIDITY INDICATORS

	2000	1999	1998	1997	1996
Cash provided by operations ($ millions)	224	249	237	162	178
Cash provided by operations/net debt[1] (%)	86	80	42	92	96
Net debt[1]/total capitalization (%)	13	14	23	9	12

[1] Total debt less cash and cash equivalents.

QUARTERLY FINANCIAL RESULTS

($ millions except per share amounts)

	2000					1999				
	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total
Revenue	142	163	138	246	689	147	181	169	245	742
Net earnings before special items	9	11	10	15	45	9	15	1	17	42
- per share	0.17	0.19	0.18	0.27	0.81	0.15	0.26	0.03	0.28	0.72
Net earnings (loss)[1]	9	11	(111)	4	(87)	9	15	30	17	71
- per share[1]	0.17	0.19	(2.01)	0.08	(1.57)	0.15	0.26	0.52	0.31	1.24
Cash from operations	50	63	24	87	224	34	37	103	75	249
- per share	0.88	1.11	0.44	1.61	4.04	0.59	0.65	1.79	1.32	4.35
Cash dividends on common shares	0.125	0.125	0.125	0.125	0.50	0.125	0.125	0.125	0.125	0.50

[1] Attributable to common shares.

Net debt to total capitalization measures the company's use of financial leverage. A lower percentage means less reliance upon debt as a source of financing. Although debt is a lower cost form of financing compared to equity, a lower percentage of debt also represents less exposure to fixed payment obligations.

Debt. Cameco has access to approximately $671 million in unsecured lines of credit.

Primary liquidity is provided by a $400 million revolving credit facility that matures early in 2003. The company may borrow directly from investors by issuing commercial paper up to the limit of $400 million. The revolving credit facility can be used to repay maturing commercial paper, or may be drawn upon for other corporate purposes.

Cameco also has agreements with various financial institutions to provide up to $271 million in short-term borrowing and letters of credit facilities. These arrangements are predominantly used to fulfill the regulatory requirements to provide financial assurance for future reclamation of the company's operating sites. See note seven to the consolidated financial statements.

Cameco operates within the high quality credit segment (investment grade) of the market when obtaining bank credit. The cost, terms and conditions under which financing is available vary over time but are more favourable than lower quality credit segments. While access to credit cannot be assured, it was readily available during 2000.

Cameco has an existing shelf registration statement expiring in June 2001 under which the company could issue up to $200 million in senior unsecured debentures. A shelf registration is an administrative document that facilitates, but does not ensure, prompt access to financing.

Equity. The other major source of funding future requirements is the equity market.

For Cameco, access to capital markets in the future will be dependent upon the prevailing conditions of the equity market and upon the extent to which investors support the company's intended use of the funds. Cameco last accessed capital in the equity markets in Canada in 1997.

Kumtor Gold Company. To finance the Kumtor gold project, a consortium of financial institutions advanced $285 million (US) in senior and subordinated loans to the project in 1996. During 2000, KGC repaid $49 million (US) of these third party loans. After these repayments, the outstanding balances were $142 million (US) on the senior debt and $20 million (US) on the subordinated debt. Since Cameco proportionately consolidates its interest in KGC, $54 million (US) ($81 million (Cdn)) of the remaining loans were included in Cameco's long-term debt. See note seven to the consolidated financial statements.

In addition, Cameco has provided a subordinated loan under which outstanding principal and accrued interest at the end of 2000 amounted to $97 million (US) and $1 million (US) respectively. This compares to $107 million (US) in outstanding advances and $12 million (US) in accrued interest at year-end 1999. Cameco also invested $45 million (US) as an equity contribution.

While the Kumtor credit facilities are an obligation of KGC, Cameco has agreed to guarantee the payment of all principal and interest amounts that become due on the senior debt. This guarantee does not apply in the case of certain events of political force majeure, which are covered by political risk insurance purchased on behalf of some lenders and self-insured by others. See note 19 to the consolidated financial statements. Under current production plans, the guarantee is not expected to be called upon, so long as the remaining unhedged production is sold at prices of at least $165 (US) per ounce.

As part of the Kumtor financing arrangements, KGC must maintain a debt reserve bank account as described in note six to the consolidated financial statements.

Cameco is bound by certain financial covenants in its credit facilities and in those of Kumtor. These covenants place restrictions on total debt, including guarantees, and set minimum levels for net worth. As of December 31, 2000, Cameco met these covenant tests and does not expect its operating and investment activities in 2001 to be constrained by them.

BUSINESS RISKS

RISKS AND UNCERTAINTIES

Financial risk. Cameco's financial performance is influenced by a number of market risks, the most significant of which are the company's exposure to fluctuations in uranium and gold prices and foreign exchange rates. A series of comprehensive policies has been developed to assist in defining risks and in identifying, reporting and controlling the use of appropriate mitigation strategies.

Uranium prices. The company reduces its exposure to volatility in uranium prices by maintaining a long-term contract portfolio which is diversified by price mechanism, delivery date and geographic location of customers. For 2001, the company's sensitivity to changes in the uranium spot price is noted in the outlook section.

Limited number of customers. The company relies on a small number of customers to purchase a significant portion of its uranium concentrates and conversion services. For example, Cameco's five largest customers are anticipated to account for 35% of the company's contracted supply of U_3O_8 for the period 2001 through 2003. By comparison, the five largest customers accounted for 29% of the contracted supply of U_3O_8 for the period 2000 through 2002. The loss of any of these large customers or any significant curtailment of purchases by such customers, could have a material adverse effect on the company's financial condition and results of operations.

Use of derivatives. Where appropriate, the company utilizes financial derivatives to mitigate operating and market risks. A derivative is entered into as a hedge against specific economic and transactional exposures. Cameco does not enter into derivative contracts for speculative purposes. However, derivatives bring with them their own type of exposure, that being counterparty default risk.[1] As of December 31, 2000, Cameco's exposure is predominantly with parties that had credit ratings of AA- or higher. A long-term credit rating of AA- signifies that the entity has a very strong capacity to meet its financial obligations. Accordingly, Cameco believes the risks of default are low and the benefits derived from utilizing derivatives outweigh the associated risks.

Gold prices. KGC hedges in its own name the price risk for gold sales in the future. Since the start of production at Kumtor in 1997, the hedging of gold prices has generated $100 million (US) in higher revenues for KGC (Cameco's share is one-third) compared with the revenues which would have been received had gold been sold at spot market prices. At the end of 2000, KGC had in place forward sales and option agreements on 959,000 ounces. Cameco has agreed to provide approximately $100 million (US) of credit support to KGC's counterparties, to mitigate the potential of default by KGC. Based on year-end positions, Cameco's exposure under the various arrangements would begin at an average spot price of $297 (US) per ounce and would rise by $9 million (US) for each $10 (US) per ounce increase thereafter, until the $100 million (US) support level is reached. More information is provided in note 26 to the consolidated financial statements.

Cameco's one-third share of Kumtor's hedging agreements was 320,000 ounces consisting of 196,000 ounces in forward contracts, 124,000 in put options and 118,000 in call options. The average prices for these positions were $309 (US) per ounce and $266 (US) per ounce, for the forward contracts and put options, respectively. The put options may or may not be exercised at the company's discretion. The call options, which had an average price of $294 (US) may or may not be exercised at the counterparty's discretion. The mark-to market gain on Cameco's share of these hedge positions was $7 million (US) at December 31, 2000 based on a spot market gold price of $273 (US) per ounce.

Foreign exchange risk. Most of the company's revenues are in US dollars. At December 31, 2000, Cameco had sold forward $546 million (US) at an average effective exchange rate of approximately $1.4950 per US dollar. The mark-to-market loss on these foreign exchange positions was $7 million (Cdn), based on a spot market foreign exchange rate of $1.5002 US/Cdn. Due to existing hedges, the sensitivity of the company's earnings and cash flows in 2001 to changes in the Canada/US exchange rate is not material.

Political risk. The Kumtor gold mine is located in the Kyrgyz Republic, a country formerly part of the Soviet Union. The mine is the largest foreign investment project in the country and represented 14% of the country's gross domestic product and 37% of its exports in 1999. The importance of Kumtor in relation to the rest of the Kyrgyz economy has meant that Kumtor has maintained a very high profile within the country. This level of attention is not without risk; however it has been of significant benefit in ensuring continued efficient operations.

Gold prices lower than forecast at the time of project initiation have reduced the financial benefits accruing to the Kyrgyz Republic. While the Kyrgyz government has been very supportive of the actions taken by Kumtor to improve profitability, the lower level of economic benefit

[1] Default by the counterparty means that the other party in a derivative contract is unable to perform its obligations at the time of contract maturity, resulting in the intended hedge being of no value. This potential concern is addressed by dealing only with counterparties of high credit quality and limiting the amount and duration of the exposure. A measure of default risk is the mark-to-market value of a hedge position. This value is the difference between the price a derivative contract was entered into and its current market value. A positive number, such as mentioned below for gold hedges, indicates that the company has that amount of value at risk should its counterparties default. A negative number, such as mentioned below for foreign exchange, represents the amount of value Cameco would have to pay should the hedge position need to be settled immediately.

is disconcerting to them and not helpful to an emerging country's economy. The Kyrgyz experience with western-style capitalism is limited and there can be no assurances as to what actions may be taken in the future. Cameco's investment in Kumtor may be exposed to adverse political developments which could affect the economics of the project. The company has addressed this issue by purchasing political risk insurance that covers the senior debt outstanding and 90% of the carrying value of both its subordinated loan and equity contribution in KGC, for certain defined political risks.

Insurance. Cameco maintains insurance against risks that are typical in the uranium and gold mining industry and uranium conversion services business, including business interruption insurance. Although the company maintains insurance in amounts it believes to be reasonable, this insurance may not provide adequate coverage in the event of unforeseen circumstances.

The company believes it has an excellent insurance record, with few claims. Premiums for insurance policies that were renewed in 2000 were approximately 4% higher than in 1999. Obtaining the desired types and limits of coverage has not been a problem to date. However, insurance markets have been tightening over the past several years and this trend is expected to continue.

Operations risk. At McArthur River mine, commissioning, which began in December 1999, continued through most of 2000. With commissioning complete, confidence has increased that the mine's design capacity will be achieved. Nevertheless, the innovative applications of technology in the mine mean that some technological risks will remain until the operation has performed consistently at design capacity over several months. It is expected that this will be achieved in 2001.

At Cigar Lake, technical challenges also exist regarding groundwater, rock properties and radiation protection. Failure to resolve these technical issues or significant delays in obtaining permits and licences could have an adverse effect on Cameco's future results. Test mining in waste rock and in ore was performed in 2000 and produced encouraging results.

To ensure delivery of contracted volumes during the development of new mines, the company had increased its uranium inventory levels in 1998 and 1999 to approximately one year's sales. As the reliability of production improves at the McArthur River mine Cameco plans to draw down inventory to normal operating levels during 2001 and 2002.

Environmental risk. Cameco is committed to environmental protection, to safe operations and to the control of environmental risks. The company adheres to the principles that risks should be maintained at levels as low as reasonably achievable, taking into account social and economic factors, and that continued improvement in environmental and health and safety performance should be sought.

In 2000, Cameco implemented an environmental management system at all its Canadian production sites and its Kumtor gold operation, achieving ISO 14001 certification at its Port Hope conversion facility. Implementation will continue with the Blind River facility expecting to be ISO 14001 certified in 2001. In addition, Cameco will be introducing a new health and safety management system to all its sites in 2001. In 2000, Cameco employees achieved their best accident frequency safety record of 0.11 lost time accidents per 200,000 person hours worked. The company's long-term contractors recorded an accident frequency of 1.27 lost time accidents. Combined, Cameco, its subsidiaries and long-term contractors achieved their best accident frequency safety record ever of 0.32 lost time accidents per 200,000 person hours worked. Cameco supports its commitments in these areas through an internal audit program.

The approval for Cameco's operations to start, continue and decommission are subject to numerous laws and regulations regarding safety and environmental matters and the management of hazardous wastes and materials. A number of potentially significant regulatory issues may necessitate additional response by Cameco in the near term. New Canadian Nuclear Safety Commission radiation exposure limits will apply to Cameco's Ontario operations in 2001. In addition, new criteria for levels of uranium in ambient air in the vicinity of Cameco's Ontario operations are being established, along with enhanced monitoring programs in the vicinity of all of Cameco's Canadian operations. Finally, an evaluation is currently being undertaken by Environment Canada of radionuclide releases (including uranium) from nuclear facilities, under the Canadian Environmental Protection Act.

In the dynamic regulatory environment being faced by Cameco, management encourages regulators to adopt regulations based on sound but not unreasonably conservative science, to approve site-specific modifications where justified, and to maintain a fair balance between the regulation of the nuclear industry and that of other industrial sectors.

Reclamation. Over the long-term, the company must plan for the closure, reclamation and decommissioning of its operating sites. Cameco expects that decommissioning and reclamation costs will increase over time due to more stringent regulatory requirements. See note eight to the consolidated financial statements. At the end of 2000, Cameco's accounting provision for future reclamation costs totaled $132 million. To provide financial assurances for these future work plans, Cameco has provided letters of credit (LOCs), where required. Cameco's LOCs totaled $143 million at the end of 2000, of which $127 million is related to reclamation and decommissioning activities. Under the new Canadian Nuclear Control Act, additional LOCs of up to $80 million related to the Ontario operations will likely be required for the first time by the end of 2001.

THE FUTURE

OUTLOOK FOR 2001

Uranium production. The McArthur River mine is expected to achieve its monthly design capacity of 1.5 million pounds U_3O_8 consistently some time in 2001. Accordingly, unit production costs are expected to decrease during 2001 as the rate of production increases.

The Rabbit Lake mill is scheduled to close in the second quarter 2001 and is expected to return to operations in 2002 depending on market conditions. Unit production costs are expected to be higher because fixed costs have to be allocated over fewer pounds of production.

Cameco's share of uranium production is projected to be about 16.4 million pounds U_3O_8 in 2001 as follows:

URANIUM PRODUCTION
(million lbs U_3O_8)

	Projected 2001
McArthur River	10.5
Key Lake	0.4
Rabbit Lake	4.0
Crow Butte	0.8
Highland	0.7
Total	16.4

The company plans to rely upon three sources of product to meet its sales commitments during the year: production, purchases, and inventory. Through these sources, the company expects to maintain its market share of approximately 20% in both the western world uranium and conversion markets. At Port Hope, the conversion plants target annual production of about 9,900 tonnes of uranium.

Market outlook. Forecasting of uranium prices is difficult. Long-term market demand in 2001 is expected to remain similar to 2000. Some inventory sellers may have satisfied their near-term financial needs and may be less aggressive in the spot market in 2001. Some industry experts are predicting a modest improvement in the uranium spot price through 2001. Conversion spot prices continued to strengthen through early 2001, and were reported at January 31, 2001 at $3.65 (US)/kgU as UF_6.

Long-term fundamentals are favourable. Management believes the long-term uranium market outlook remains positive and new mine development will be needed to meet anticipated uranium requirements. The company believes that the western world utilities' uncovered demand (i.e. uranium not yet under contract to meet reactor requirements) will increase significantly beyond 2003. As more long-term contracts expire and must be replaced, demand in the spot and long-term markets is expected to grow and to result in prices which more closely reflect the costs of mine production.

Nuclear revenues and margins. Cameco's nuclear revenue in 2001 is expected to decline about 7% reflecting the historically low level at which the uranium spot price began the year. Nuclear sales volumes are projected to be similar to 2000 levels. About 60% of Cameco's long-term contracts contain pricing which references the spot price at the time of delivery. In 2001, a $1.00 (US) change in the uranium spot price would change revenue by about $16 million (Cdn), net earnings by $8 million (Cdn) and cash flow by $14 million (Cdn). While conversion prices are expected to hold, secondary UF_6 supplies could adversely affect them.

Nuclear margins are expected to decline in 2001 reflecting the lower revenue. Also, care and maintenance costs at Rabbit Lake will hamper margins.

In addition, the financial problems currently being experienced by Californian utilities may adversely impact two of the company's customers in 2001. The impact, if any, on Cameco's revenue and earnings for 2001 will not be known until there is a resolution to their situation. As at December 31, 2000, there are no accounts receivable outstanding from either of these utilities.

Gold. Gold production at Kumtor is expected to rise to about 680,000 ounces (Cameco's share is one-third) due to marginal increases in average grade and mill feed tonnage. The average realized gold price (including the

hedge positions at the end of 2000) is expected to decline to about $285 (US) per ounce, but should be offset partially by lower cash costs resulting from the higher planned output levels. Therefore gold margins are forecasted to decline in comparison to 2000.

Capital and development expenditures. Cameco's capital and development expenditures are expected to total about $105 million in 2001 and are planned in the following areas:

CAPITAL AND DEVELOPMENT EXPENDITURES
($ millions)

	Planned 2001	Actual 2000
Development		
McArthur River	$ 10	$ 47
Inkai	6	3
Cigar Lake	5	17
Sustaining Capital and Other Projects	19	28
Investment in Bruce Power	65	–
Total	$ 105	$ 95

The $10 million to be spent at McArthur River is mostly for mine development and evaluation drilling.

Cameco plans to spend $6 million at Inkai, an ISL project in Kazakhstan, which contains large uranium resources and is undergoing evaluation during 2001.

Cameco's share of Cigar Lake capital expenditures in 2001 is estimated at $5 million. Given the time needed for licensing and construction, production is unlikely to begin before 2005. The application for the construction licence will be submitted to the regulators during 2001 and is expected to be approved in 2002. Construction could then proceed if market conditions are favourable. It is anticipated that engineering and construction would take about 27 months. At full production, Cigar Lake is expected to produce about 18 million pounds U_3O_8 annually.

The company announced its intention to invest in the Bruce Power Partnership in October 2000. The first significant cash investment of $65 million will occur upon the closing of the agreement between Bruce Power and OPG, currently scheduled for the first half of 2001. The impact of the Bruce Power investment on Cameco's 2001 earnings is expected to be slightly negative while revised operating practices are implemented. Significant earnings contribution is expected in 2003.

The balance of $19 million is to be used for sustaining capital at the operating nuclear and gold facilities.

Corporate expenses. Administration and exploration expenses are expected to decline by more than 10% from 2000.

Interest expense may be higher in 2001 as the capitalization of interest against the McArthur River mine, which amounted to $12 million in 2000, ceased once the mine entered commercial operations.

The effective tax rate is expected to decline as a higher proportion of earnings is expected to be generated in lower tax jurisdictions.

First quarter 2001. Revenue in the first quarter is expected to be weak due to low prices and unusually low delivery volumes. This is likely to result in a net loss for the first quarter, which is not indicative of the results expected for the year. About 10% of the year's nuclear deliveries and revenue are expected in the first quarter. Customers specify the timing of deliveries.

Liquidity. Capital expenditures and operating requirements for 2001 are expected to be funded with internally generated cash flow. Timing variations in receipts and disbursements will be funded on an interim basis with short-term borrowing. There are no requirements foreseen at this time that cannot be met from either internal cash flow or short-term debt.

Caution regarding forward-looking information. The statements in the management's discussion and analysis which relate to the future are forward-looking statements and are subject to a number of risks and uncertainties. The company's results in the future may differ materially from those which are expressed or implied by these forward-looking statements.

Factors that could cause such differences, without limiting the generality of the following, include: volatility of market prices for uranium or gold; competition; changes in currency exchange rates; imprecision in reserve estimates; environmental and safety risks including risks related to environmental and safety incidents, increased regulatory burdens and long term hazardous waste disposal; unexpected geological or hydrological conditions; political risks arising from operating in certain developing countries; a possible deterioration in political support for nuclear energy; changes in government regulations and policies, including trade laws and policies; demand for nuclear generated electricity; failure to replace uranium or gold reserves and failure to obtain necessary permits and approvals from government authorities; and other development and operating risks.

FINANCIAL INFORMATION

McArthur River senior environmental engineer Jean [illegible] and senior environmental and [illegible] technician Don [illegible] use a hydro lab to take a water column profile for measurement of temperature, pH, conductivity and dissolved oxygen.

Financial Information Index

REPORT OF MANAGEMENT'S ACCOUNTABILITY

The accompanying consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles.

Management is responsible for ensuring that these statements, which include amounts based upon estimates and judgement, are consistent with other information and operating data contained in the annual report and reflect the corporation's business transactions and financial position.

The integrity and reliability of Cameco's reporting systems are achieved through the use of formal policies and procedures, the careful selection of employees and appropriate delegation of authority and division of responsibilities. Internal accounting controls are monitored by the internal auditor. Cameco's code of ethics, which is communicated to all levels in the organization, requires employees to maintain high standards in their conduct of the corporation's affairs.

Our shareholders' independent auditors, KPMG LLP, whose report on their examination follows, have audited the consolidated financial statements in accordance with Canadian generally accepted auditing standards.

The board of directors annually appoints an audit committee comprised of directors who are not employees of the corporation. This committee meets regularly with management, the internal auditor and the shareholders' auditors to review significant accounting, reporting and internal control matters. Both the internal and shareholders' auditors have unrestricted access to the audit committee. Following its review of the financial statements and the report of the shareholders' auditors, the audit committee submits its report to the board of directors for formal approval of the financial statements.

Original signed by David M. Petroff
Senior Vice-President, Finance and Administration
and Chief Financial Officer
January 30, 2001

AUDITORS' REPORT

To the Shareholders of Cameco Corporation

We have audited the consolidated balance sheets of Cameco Corporation as at December 31, 2000 and 1999 and the consolidated statements of earnings (loss), retained earnings and cash flows for each of the years in the three year period ended December 31, 2000. These financial statements are the responsibility of the corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the corporation as at December 31, 2000 and 1999 and the results of its operations and its cash flows for each of the years in the three year period ended December 31, 2000 in accordance with Canadian generally accepted accounting principles.

Canadian generally accepted accounting principles vary in certain significant respects from accounting principles generally accepted in the United States. Application of accounting principles generally accepted in the United States would have affected results of operations for each of the years in the three year period ended December 31, 2000 and shareholders' equity as at December 31, 2000 and 1999 to the extent summarized in Note 30 to the consolidated financial statements.

Original signed by KPMG LLP
Chartered Accountants
Saskatoon, Canada
January 30, 2001

As at December 31	2000	1999
		(Thousands)
Assets		
Current assets		
Cash	$ 33,131	$ 45,469
Accounts receivable [note 3]	144,853	138,691
Inventories [note 4]	347,141	356,828
Supplies and prepaid expenses	45,992	47,695
	571,117	588,683
Property, plant and equipment [note 5]	2,044,820	2,135,843
Long-term receivables, investments and other [note 6]	168,460	175,736
Inventories [note 4]	17,584	63,881
Total assets	**$2,801,981**	**$2,964,143**
Liabilities and Shareholders' Equity		
Current liabilities		
Accounts payable and accrued liabilities	$ 101,874	$ 105,873
Dividends payable	6,868	7,160
Current portion of long-term debt [note 7]	24,670	30,241
Current portion of other liabilities [note 9]	2,830	5,568
Deferred income taxes [note 16]	22,632	32,549
	158,874	181,391
Long-term debt [note 7]	269,677	382,963
Provision for reclamation [note 8]	131,966	103,411
Other liabilities [note 9]	15,611	15,618
Deferred income taxes [note 16]	445,324	412,417
	1,021,452	1,041,800
Shareholders' equity		
Preferred securities [note 10]	183,520	176,248
Share capital [note 11]	665,651	683,787
Contributed surplus [note 11]	472,488	490,771
Retained earnings	437,328	552,154
Cumulative translation account [note 12]	21,542	19,383
	1,780,529	1,922,343
Total liabilities and shareholders' equity	**$2,801,981**	**$2,964,143**

Commitments and contingencies [notes 7, 8, 19, 25]
See accompanying notes to consolidated financial statements.

Approved by the board of directors

Original signed by Bernard M. Michel and Nancy E. Hopkins

CONSOLIDATED STATEMENTS OF EARNINGS (LOSS)

For the year ended December 31	2000	1999	1998
		(Thousands)	
Revenue from			
Products and services	$ 688,940	$ 741,592	$ 718,949
Expenses			
Products and services sold	413,880	428,904	400,632
Depreciation, depletion and reclamation	117,005	136,863	126,669
Administration	38,232	35,720	39,516
Exploration	20,804	22,633	30,609
Research and development	2,452	2,331	2,671
Interest and other [note 13]	(5,657)	3,420	(1,609)
Writedown of mineral properties [note 5]	127,738	45,523	15,964
Provision for waste disposal [note 14]	20,218	–	–
Gain on sale of property interests [note 23]	–	(13,129)	–
	734,672	662,265	614,452
Earnings (loss) from operations [note 27]	(45,732)	79,327	104,497
Other expenses (income) [note 15]	(1,896)	2,028	11,579
Earnings (loss) before income taxes	(43,836)	77,299	92,918
Income tax expense (recovery) [note 16]	34,501	(2,738)	47,274
Net earnings (loss)	**(78,337)**	**80,037**	**45,644**
Preferred securities charges, net of tax [note 10]	8,880	8,835	1,980
Net earnings (loss) attributable to common shares [note 27]	**$ (87,217)**	**$ 71,202**	**$ 43,664**
Net earnings (loss) per common share [note 27]	**$ (1.57)**	**$ 1.24**	**$ 0.76**

CONSOLIDATED STATEMENTS OF RETAINED EARNINGS

For the year ended December 31	2000	1999	1998
		(Thousands)	
Retained earnings at beginning of year	$ 552,154	$ 509,326	$ 494,608
Net earnings (loss)	(78,337)	80,037	45,644
Dividends on common shares	(27,609)	(28,374)	(28,946)
Preferred securities charges, net of tax [note 10]	(8,880)	(8,835)	(1,980)
Retained earnings at end of year	**$437,328**	**$ 552,154**	**$ 509,326**

See accompanying notes to consolidated financial statements.

For the year ended December 31	2000	1999	1998
		(Thousands)	
Operating activities			
Net earnings (loss)	$ (78,337)	$ 80,037	$ 45,644
Items not requiring (providing) cash:			
Depreciation, depletion and reclamation	117,005	136,863	126,669
Provision for deferred taxes (recovery) [note 16]	29,961	(12,004)	38,148
Writedown of mineral properties [note 5]	127,738	45,523	15,964
Provision for waste disposal [note 14]	20,218	–	–
Gain on sale of property interests [note 23]	–	(13,129)	–
Deferred revenue recognized	(15,727)	(12,793)	(15,610)
Other non-cash items	–	3,670	11,579
Other operating items [note 17]	23,447	21,245	14,430
Cash provided by operations [note 27]	**224,305**	**249,412**	**236,824**
Investing activities			
Additions to property, plant and equipment	(94,977)	(211,551)	(158,623)
Change in long-term receivables, investments and other	9,610	5,058	10,524
Proceeds on sale of property interests [note 23]	–	239,177	–
Acquisition of net business assets [note 24]	–	–	(548,128)
Proceeds on sale of property, plant and equipment	246	3,896	2,427
Cash provided by (used in) investing	**(85,121)**	**36,580**	**(693,800)**
Financing activities			
Increase in debt	–	98,289	407,906
Repayment of debt	(61,561)	(323,119)	(154,613)
Restricted cash	79	3,825	(15,769)
Issue of shares, net of issue costs	911	1,479	2,018
Shares repurchased	(46,484)	(12,394)	–
Issue of preferred securities, net of issue costs	–	–	176,736
Preferred securities charges	(16,445)	(16,361)	(3,638)
Dividends	(28,022)	(28,708)	(28,920)
Cash provided by (used in) financing	**(151,522)**	**(276,989)**	**383,720**
Increase (decrease) in cash during the year	(12,338)	9,003	(73,256)
Cash at beginning of year	45,469	36,466	109,722
Cash at end of year	**$ 33,131**	**$ 45,469**	**$ 36,466**
Supplemental cash flow disclosure			
Interest paid	$ 28,601	$ 32,968	$ 32,496
Income taxes paid	$ 4,316	$ 14,599	$ 5,148

See accompanying notes to consolidated financial statements.

For the years ended December 31, 2000, 1999 and 1998

1. Cameco Corporation (Cameco)

Cameco is incorporated under the Canada Business Corporations Act. Cameco is primarily engaged in the exploration for and the development, mining, refining and conversion of uranium for sale as fuel for generating electricity in nuclear power reactors in Canada and other countries. Cameco is also involved in the exploration for and the development, mining and sale of gold.

2. Accounting Policies

A summary of significant accounting policies of Cameco follows the notes to the consolidated financial statements.

3. Accounts Receivable

	2000	1999
	(Thousands)	
Trade receivables	$ 139,858	$ 135,024
Current portion of long-term receivables [note 6]	4,995	3,667
Total	**$ 144,853**	**$ 138,691**

4. Inventories

	2000	1999
	(Thousands)	
Nuclear		
Concentrate	$ 311,918	$ 333,260
Broken ore	23,840	53,568
Conversion	22,484	26,674
	358,242	413,502
Gold		
Broken ore	6,195	6,470
Finished	288	737
	6,483	7,207
Total inventories	364,725	420,709
Less non-current inventories	(17,584)	(63,881)
Net	**$ 347,141**	**$ 356,828**

5. Property, Plant and Equipment

	Cost	Accumulated Depreciation and Depletion	2000 Net	1999 Net
			(Thousands)	
Nuclear				
Mining	$ 2,243,405	$ 759,660	$ 1,483,745	$ 635,806
Development	292,222	–	292,222	1,205,040
Conversion	238,842	105,693	133,149	139,348
Gold				
Mining	216,601	98,548	118,053	137,910
Other	45,112	27,461	17,651	17,739
Total	**$ 3,036,182**	**$ 991,362**	**$ 2,044,820**	**$2,135,843**

On November 1, 2000, commercial production was achieved at the McArthur River project.

In 2000, as a result of depressed uranium prices, Cameco recorded a writedown of $127,738,000 relating to certain of its in situ leach mining assets located in the United States. The amount of the writedown was determined based on estimated future net cash flows and uranium price forecasts.

In 1999, after a prolonged period of depressed gold prices, Cameco reduced the carrying value of its investment in the Kumtor gold mine by $45,523,000. The amount of the writedown was determined based on estimated future net cash flows assuming a future gold price of $300 (US) per ounce.

6. Long-Term Receivables, Investments and Other

	2000	1999
	(Thousands)	
Kumtor Gold Company		
Subordinated loan – principal [note 19]	$ 96,850	$ 103,376
Subordinated loan – interest	958	11,462
Restricted cash – debt reserve	11,428	11,071
Advances receivable	22,546	23,851
Long-term investments (market $28,392)	17,564	17,564
Deferred charges	10,880	–
Accrued pension benefit asset [note 22]	4,064	3,347
Other	9,165	8,732
	173,455	179,403
Less current portion [note 3]	(4,995)	(3,667)
Net	**$ 168,460**	**$ 175,736**

The security agreement between Kumtor Gold Company (KGC) and the senior debt lenders to the project requires funds sufficient to meet those senior debt principal and interest payments scheduled to occur over the ensuing six months to be held in a debt reserve account until paid.

7. Long-Term Debt

	2000	1999
	(Thousands)	
Kumtor Gold Company [note 19]		
Senior debt	$ 70,843	$ 91,890
Subordinated debt	10,001	9,622
Commercial paper	114,665	102,081
Debentures	98,838	98,588
Bank debt	–	50,516
Cameco share savings bonds [note 20]	–	6,507
	294,347	359,204
Less current portion	(24,670)	(30,241)
Net	**$ 269,677**	**$ 328,963**

Cameco has a $400,000,000 unsecured long-term revolving credit facility that is available until February 18, 2003 and bears interest at margins over bankers acceptances and LIBOR of 0.17%. Amounts drawn under the long-term revolving credit facility are classified as long-term debt up to the limit available under the facility. Amounts outstanding are:

- Commercial paper: $114,665,000 comprised of $24,625,000 (Cdn) and $60,019,000 (US), (1999 - $102,081,000 comprised of $9,958,000 (Cdn) and $63,828,000 (US)). Bears interest at an average rate of 6.7% (1999 - 6.1%).
- Bank debt: 1999 - $50,516,000 (Cdn) ($35,000,000 (US)) was drawn as LIBOR-based loans at an average rate of 6.4%.

Cameco completed a $100,000,000 debt issuance on July 12, 1999 in the form of senior unsecured debentures. These debentures bear interest at a rate of 6.9% per annum and will mature July 12, 2006.

Cameco has a $15,000,000 overdraft facility and $255,515,000 ($143,000,000 (Cdn) and $75,000,000 (US)) in letter of credit facilities. Outstanding letters of credit at December 31, 2000 amounted to $142,913,000 (1999 - $130,765,000).

The table below represents scheduled repayments of long-term debt over the next five years and thereafter, including Cameco's one-third share of Kumtor Gold Company principal repayments on debt.

	(Thousands)
2001	$ 24,670
2002	24,670
2003	131,584
2004	4,584
2005	2,500
thereafter	106,339
Total	**$ 294,347**

Pursuant to the terms of the Kumtor financing arrangements [note 19], Cameco has guaranteed, subject to exclusions in respect of defined political force majeure events, the repayment of Kumtor's senior debt. Cameco's contingent obligations under these guarantees exceed the amount included in Cameco's long-term debt as at December 31, 2000 by $141,687,000 (1999 - $183,780,000).

8. Provision for Reclamation

	2000	1999
	(Thousands)	
Nuclear		
Mining	$ 53,465	$ 50,121
Conversion [note 14]	70,522	48,565
Gold	7,979	4,725
Total	**$ 131,966**	**$ 103,411**

Cameco's estimates of decommissioning and reclamation costs are based on reclamation standards which meet or exceed regulatory requirements and are stated in current dollars. Elements of uncertainty in estimating these amounts include potential changes in regulatory requirements, decommissioning and reclamation alternatives and amounts to be recovered from other parties.

Cameco estimates total future decommissioning and reclamation costs for its operating assets to be $256,000,000. These estimates are formally reviewed by Cameco technical personnel at least every two years or more frequently as required by regulatory agencies. These costs are accrued and charged to operations using the unit-of-production method so that the estimated future liability will be fully provided when decommissioning and reclamation activities are undertaken. In connection with future decommissioning and reclamation costs, Cameco has provided all required financial assurances satisfying current regulatory requirements.

9. Other Liabilities

	2000	1999
	(Thousands)	
Deferred revenue	$ 5,074	$ 11,369
Accrued post-retirement benefit liability [note 22]	3,465	2,411
Other	9,902	7,406
	18,441	21,186
Less current portion	(2,830)	(5,568)
Net	**$ 15,611**	**$ 15,618**

10. Preferred Securities

Cameco issued $125,000,000 (US), 8.75% preferred securities in denominations of $25 (US) each due September 30, 2047 accruing interest from the date of issuance payable quarterly commencing December 31, 1998.

The preferred securities are redeemable, at the option of Cameco, in whole or in part at any time on or after October 14, 2003 at a redemption price equal to 100% of the principal amount of the preferred securities to be redeemed plus any accrued and unpaid interest thereon to the date of redemption.

The principal amounts of the preferred securities, net of after tax issue costs of $4,330,000 (Cdn) have been classified as equity, and interest payments on an after tax basis will be classified as distributions of equity, as Cameco has the unrestricted ability to settle its obligations by delivering common shares of Cameco.

11. Share Capital

Authorized share capital:
Unlimited number of first preferred shares
Unlimited number of second preferred shares
Unlimited number of voting common shares, and
One Class B share

(a) Common Shares

	2000	1999	1998
		(Number of Shares)	
Number issued			
Beginning of year	57,238,469	57,655,562	57,445,444
Issued:			
Shares repurchased	(2,350,101)	(535,000)	–
Share savings plan [note 20]	607,072	94,640	75,418
Stock option plan [note 21]	17,000	23,267	124,700
Agreement for services	–	–	10,000
Issued share capital	55,512,440	57,238,469	57,655,562

Amount	2000	1999	1998
		(Thousands)	
Beginning of year	$ 693,560	$ 698,475	$ 693,192
Issued:			
Shares repurchased	(28,201)	(6,420)	–
Share savings plan [note 20]	6,830	1,064	849
Stock option plan [note 21]	298	441	4,264
Agreement for services	–	–	170
Issued share capital	672,487	693,560	698,475
Less loans receivable [note 21]	(6,836)	(9,773)	(10,817)
End of year	$665,651	$ 683,787	$ 687,658

(i) On September 27, 1999, Cameco announced an open market share repurchase program for cancellation of up to 2.9 million of its common shares, representing 5% of its common shares then outstanding. This repurchase program was approved for a one year period ending September 28, 2000. A total of 2,885,101 shares were repurchased under this program at a cost of $58,878,000 (2000 - $46,484,000; 1999 - $12,394,000). The excess of the repurchase cost of these shares over their book value, amounting to $24,257,000 (2000 - $18,283,000; 1999 - $5,974,000) has been charged to contributed surplus.

(ii) Options in respect of 1,987,883 shares are outstanding under the stock option plan and are exercisable up to 2008 [note 21]. Upon exercise of certain existing options, additional options in respect of 352,350 shares would be granted.

(iii) The aggregate number of common shares that may be issued, after December 5, 1995, pursuant to the Cameco share savings plan [note 20], stock option plan [note 21] and pursuant to any other compensation arrangement of Cameco, shall not exceed 5,243,403, of which 1,746,196 (1999 - 1,122,124) shares have been issued.

(b) Class B Share

One Class B share issued during 1988 and assigned $1 of share capital, entitles the shareholder to vote separately as a class in respect of any proposal to locate the head office of Cameco to a place not in the province of Saskatchewan.

12. Cumulative Translation Account

The balance of $21,542,000 (1999 - $19,383,000) represents the cumulative unrealized net exchange gain on Cameco's net investments in foreign operations, and on the foreign currency debt and preferred securities designated as hedges of the net investments.

13. Interest and Other

	2000	1999	1998
		(Thousands)	
Interest expense			
Short-term debt	$ 1,792	$ 2,758	$ 4,498
Long-term debt	26,521	29,779	28,042
Interest income	(15,903)	(12,880)	(19,492)
Foreign exchange (gains) losses	(2,279)	3,688	(850)
Capitalized interest	(15,788)	(19,925)	(13,807)
Net	**$ (5,657)**	**$ 3,420**	**$ (1,609)**

14. Provision for Waste Disposal

The terms of the agreement to transfer assets from Canada Eldor Inc. to Cameco (the "Agreement") included a formula for sharing any future costs related to certain specified wastes accumulated by Canada Eldor Inc. and transferred to Cameco on October 5, 1988. Pursuant to the cost sharing formula, Cameco assumed responsibility for the first $2,000,000 of related costs and 23/98th of the next $98,000,000 resulting in a maximum liability of $25,000,000.

During the fourth quarter of 2000 an agreement was reached between the government of Canada and the communities of Port Hope, Hope Township and Clarington for the cleanup, storage and long-term management of certain specified wastes covered under the Agreement. Cameco has recognized a liability of $20,218,000 representing its remaining obligation pursuant to the cost sharing formula.

15. Other Expenses (Income)

	2000	1999	1998
		(Thousands)	
Provision for decline in value of investment in associated company	$ –	$ 2,746	$ 9,401
Dividend on long-term investment	(1,896)	(1,641)	–
Other	–	923	2,178
Total	**$ (1,896)**	**$ 2,028**	**$ 11,579**

16. Income Taxes

The significant components of deferred income tax assets and liabilities at December 31 are as follows:

	2000	1999
	(Thousands)	
Property, plant and equipment	$ 35,923	$ 18,324
Provision for reclamation	47,926	36,725
Foreign exploration and development	53,143	36,998
Other	4,051	3,416
Deferred income tax assets before valuation allowance	141,043	95,463
Valuation allowance	(55,320)	(31,579)
Deferred income tax assets, net of valuation allowance	**$ 85,723**	**$ 63,884**
Property, plant and equipment	$ 529,901	$ 470,474
Inventories	23,778	38,376
Deferred income tax liabilities	**$ 553,679**	**$ 508,850**
Net deferred income tax liabilities	**$ 467,956**	**$ 444,966**
Less current portion	(22,632)	(32,549)
	$ 445,324	**$ 412,417**

The provision for income taxes differs from the amount computed by applying the combined expected federal and provincial income tax rate to earnings before income taxes. The reasons for these differences are as follows:

	2000	1999	1998
		(Thousands)	
Earnings (loss) before income taxes	$ (43,836)	$ 77,299	$ 92,918
Combined federal and provincial tax rate	45.6%	45.9%	45.9%
Computed income tax expense (recovery)	(20,000)	35,480	42,649
Increase (decrease) in taxes resulting from:			
Provincial royalties and other taxes	13,959	18,074	18,645
Federal resource allowance	(10,152)	(12,852)	(12,240)
Difference between Canadian rate and rates applicable to subsidiaries in other countries	(9,045)	695	(9,356)
Writedown of mineral properties	52,003	15,380	660
Sale of property interests [note 23]	–	(59,325)	–
Large corporations and other taxes	5,303	5,496	4,863
Other	2,433	(5,686)	2,053
Net income tax expense	**$ 34,501**	**$ (2,738)**	**$ 47,274**

	2000	1999	1998
		(Thousands)	
Current income taxes			
Canada	$ 3,552	$ 8,250	$ 8,558
United States	–	–	72
Other	988	1,016	496
	$ 4,540	**$ 9,266**	**$ 9,126**
Deferred income taxes (recovery)			
Canada	$ 33,301	$ (10,536)	$ 45,058
United States	(4,284)	–	(4,911)
Other	944	(1,468)	(1,999)
	$ 29,961	**$ (12,004)**	**$ 38,148**
Net	**$ 34,501**	**$ (2,738)**	**$ 47,274**

17. Other Operating Items

	2000	1999	1998
		(Thousands)	
Changes in non-cash working capital:			
Accounts receivable	$ (6,162)	$ (11,908)	$ 8,049
Interest receivable	10,954	(10,421)	25,891
Inventories	19,709	47,926	51,421
Supplies and prepaid expenses	1,703	3,772	(8,029)
Accounts payable and accrued liabilities	9,654	(12,464)	(5,585)
Other liabilities	(2,745)	(17,306)	(29,095)
Hedge position settlements	(11,746)	28,490	(16,897)
Reclamation payments	(4,011)	(8,211)	(12,028)
Other	6,091	1,367	703
Total	**$ 23,447**	**$ 21,245**	**$ 14,430**

18. Joint Ventures

Certain of Cameco's development, mining and milling activities are conducted through joint ventures as follows:

	Operator	2000	1999	1998
			(% Participation)	
Uranium				
Producing:				
McArthur River [notes 23 and 24]	Cameco	69.81	69.81	83.77
Key Lake [notes 23 and 24]	Cameco	83.33	83.33	100.00
Non-producing:				
Cigar Lake	Cigar Lake Mining Corp.	50.03	50.03	48.75
Gold				
Producing:				
Kumtor Gold Company	Cameco	33.33	33.33	33.33

Production expenses relating to mining and milling activities are included in the cost of inventory. Certain of the joint ventures allocate inventory to each of the joint venture participants and the joint venture participants derive revenue directly from the sale of such inventory. Cameco's share of assets and liabilities of these joint ventures is as follows:

	2000	1999
		(Thousands)
Current assets	$ 17,212	$ 13,370
Property, plant and equipment, at cost	1,114,648	1,043,998
	$1,131,860	**$1,057,368**
Current liabilities	$ 17,628	$ 21,853
Provision for reclamation	–	6,787
Net investment		
Uranium	1,111,324	1,025,522
Gold	2,908	3,206
	$1,131,860	**$1,057,368**

For the Kumtor gold joint venture, which obtains revenue from the sale of products, Cameco's share of the assets and liabilities, revenue and expenses, and cash flows is as follows:

	2000	1999
		(Thousands)
Current assets	$ 40,520	$ 41,865
Property, plant and equipment	128,034	149,267
	$ 168,554	**$ 191,132**
Current liabilities	$ 4,611	$ 4,149
Long-term liabilities	137,525	164,409
Equity	26,418	22,574
	$ 168,554	**$ 191,132**

	2000	1999	1998
		(Thousands)	
Revenues	$ 104,983	$ 96,934	$ 109,349
Expenses	(101,838)	(105,934)	(109,020)
Net earnings (loss)	**$ 3,145**	**$ (9,000)**	**$ 329**
Cash provided by (used in)			
Operating activities	$ 31,821	$ 21,667	$ 18,604
Investing activities	(1,242)	(1,406)	(3,209)
Financing activities	(29,970)	(23,734)	(12,584)
Increase (decrease) in cash during the year	**$ 609**	**$ (3,473)**	**$ 2,811**

19. Kumtor Gold Company (KGC) Joint Venture

On May 26, 1994, Cameco, the Republic of Kyrgyzstan and Kyrgyzaltyn, an instrumentality of the Republic, signed an amended joint venture master agreement that provided for the exploration, development, operation and arrangement of financing, of the Kumtor gold project by Cameco. KGC was formed in the Republic of Kyrgyzstan as a joint stock company to hold the assets of the Kumtor gold project pursuant to the master agreement. Kyrgyzaltyn holds a two-thirds interest in KGC and Cameco holds a one-third interest.

Cameco has guaranteed, subject to exclusions in respect of defined political force majeure events, the repayment of Kumtor's senior debt.

Cameco has proportionately consolidated its one-third interest in KGC.

KGC's long-term debt at December 31, is as follows:

	2000	1999
		(Thousands)
Senior debt: (US dollar denominated):		
• Commercial banks $77,500,000 (1999 - $108,500,000) (US) repayable in five remaining equal semi-annual instalments, with interest based on LIBOR plus 0.7%. Political risk insurance has been purchased separately by KGC.	$ 116,266	$ 156,598
• Export Development Corporation (EDC) $29,166,666 (1999 - $37,500,000) (US)	43,756	54,124
• International Finance Corporation (IFC) $17,500,000 (1999 - $22,500,000) (US)	26,254	32,474
• European Bank for Reconstruction and Development (EBRD) $17,500,000 (1999 - $22,500,000) (US)	26,254	32,474
The EDC, IFC and EBRD interest rate is based on LIBOR plus 3% which includes a premium for political risk insurance. These loans are repayable in seven remaining equal semi-annual instalments.		
The senior debt is secured by the assets and shares of KGC.		
Total senior debt	$ 212,530	$ 275,670
Subordinated debt: (US dollar denominated):		
• Shareholder loan from Cameco with interest based on LIBOR plus 6%, repayable in 12 equal semi-annual instalments commencing on December 2, 1999. $96,837,276 (1999 - $107,437,276)(US). In accordance with the terms of the loan agreement, certain instalments has been deferred amounting to $16,259,000 (1999 - $8,953,000) (US).	145,275	155,064
• EBRD $10,000,000 (1999 - $10,000,000) (US)	15,002	14,433
• IFC $10,000,000 (1999 - $10,000,000) (US)	15,002	14,433
The IFC and EBRD subordinated debt is repayable in four equal semi-annual instalments commencing on December 2, 2005, extendable at the option of EBRD or IFC to commence no later than December 2, 2013. The interest rate applicable to the EBRD and IFC subordinated debt is based on the cash generated by the project subject to a minimum interest rate. The annualized rate for 2000 was approximately 12.3% (1999 - 5.0%).		
Total KGC debt	**$ 387,809**	**$ 459,600**

Cameco's one-third proportionate share of KGC senior debt is $70,843,000 (1999 - $91,890,000) and of KGC's third party subordinated debt is $10,001,000 (1999 - $9,622,000) [note 7].

20. Cameco Share Savings Plan

On December 31, 1990, Cameco issued 10-year, 11% redeemable and exchangeable bonds registered to subscribing employees. At the option of employees, bonds may be exchanged or redeemed at the end of any calendar quarter. The plan matured in 2000 and all outstanding bonds have been exchanged for Cameco shares [note 11] or redeemed.

21. Stock Option Plan

Cameco has established a stock option plan under which options to purchase common shares may be granted to directors, officers and other employees of Cameco. Options granted under the stock option plan have an exercise price of not less than the closing price quoted on The Toronto Stock Exchange for the common shares of Cameco on the trading day prior to the date on which the option is granted. The options under the original plan expire 10 years from the date of the grant of the option.

During 1999, Cameco amended the stock option plan and ceased to offer loans to assist in the purchase of common shares pursuant to the exercise of options. The options available under the amended stock option plan expire eight years from the grant of the option.

Prior to 1999, participants were eligible to receive loans from Cameco to assist in the purchase of common shares pursuant to the exercise of options. The maximum term of the loans was 10 years from the date of the grant of the related option. The loans bear interest at a rate equivalent to the regular dividends paid on the common shares to which the loans were provided. Common shares purchased by way of a company loan are held in escrow in the account of the option holder and are pledged as security for the respective loan until the loan has been repaid in full.

Outstanding loans are shown as a reduction of share capital.

Stock option transactions for the respective years were as follows:

	2000	1999	1998
		(Number of Shares)	
Beginning of year	1,763,933	1,445,325	1,173,775
Options granted	404,800	430,500	461,400
Options exercised [note 11]	(17,000)	(23,267)	(124,700)
Options cancelled	(163,850)	(88,625)	(65,150)
End of year	**1,987,883**	**1,763,933**	**1,445,325**
Exercisable	**1,122,133**	**856,683**	**749,025**

Weighted average exercise prices were as follows:

	2000	1999	1998
Beginning of year	$ 43.12	$ 46.45	$ 47.28
Options granted	18.76	31.75	41.48
Options exercised	17.51	18.95	34.20
Options cancelled	39.06	48.47	49.75
End of year	**$ 38.72**	**$ 43.12**	**$ 46.45**
Exercisable	**$ 46.66**	**$ 46.95**	**$ 40.52**

Total options outstanding and exercisable at December 31, 2000 were as follows:

2000		Options Outstanding		Options Exercisable	
Option Price Per Share	Number	Weighted Average Remaining Life	Weighted Average Exercisable Price	Number	Weighted Average Exercisable Price
$15.00-35.00	1,075,533	7.0 years	$25.78	423,083	$28.39
35.01-55.00	651,450	7.5 years	46.03	438,150	48.16
55.01-75.50	260,900	6.0 years	73.79	260,900	73.79

22. Pension and Other Post-Retirement Benefits

Cameco maintains both defined benefit and defined contribution plans providing pension and post-retirement benefits to substantially all of its employees.

Pension Plans

The pension expense for Cameco's defined contribution plans was $4,525,000 (1999-$4,355,000, 1998-$4,268,000).

The status of defined benefit pensions plans are as follows:

	2000	1999
	(Thousands)	
Accrued Benefit Obligation		
Balance at beginning of year	$ 10,514	$ 9,436
Current service cost	743	456
Interest cost	890	755
Benefits paid	(265)	(133)
Balance at end of year	11,882	10,514
Plan Assets		
Fair value at beginning of year	8,729	8,305
Actual return on plan assets	316	180
Employer contributions	2,145	377
Benefits paid	(265)	(133)
Fair value at end of year	10,925	8,729
Funded status	(957)	(1,785)
Unamortized net actuarial gain	574	574
Unamortized past service cost	–	4,558
Unamortized transitional obligation	4,447	–
Accrued pension benefit asset	**$ 4,064**	**$ 3,347**

Significant actuarial assumptions used in calculating the net pension expense for Cameco's funded plans were as follows:

	2000	1999	1998
Discount rate	8.0%	8.0%	8.0%
Long-term rate of return on assets	8.0%	8.0%	8.0%
Rate of increase in compensation levels	4.5%	4.5%	4.5%

Net pension expense for the defined benefit pension plans has been determined as follows:

	2000	1999	1998
		(Thousands)	
Cost of benefits earned by employees	$ 743	$ 456	$ 456
Interest cost on benefits earned	890	755	737
Expected return on pension plan assets	(774)	(540)	(255)
Net amortization and deferral	648	109	183
Net pension expense	**$ 1,507**	**$ 780**	**$ 1,121**

Other Post-Retirement Benefits

Cameco provides post-retirement benefits to substantially all employees. The costs are accrued over the expected service lives of employees, however no funding is provided. The status of the plan is as follows:

	2000	1999
	(Thousands)	
Accrued Benefit Obligation		
Balance at beginning of year	$ 3,144	$ 2,850
Current service cost	147	147
Interest cost	247	209
Benefits paids	(73)	(62)
Balance at end of year	3,465	3,144
Unamortized past service cost	–	(733)
Accrued post-retirement benefit liability	**$ 3,465**	**$ 2,411**

23. Sale of Property Interests

In 1999, Cameco completed a series of transactions to effect the sale of a 16.67% interest in the Key Lake operation, a 13.96% interest in the McArthur River uranium project and its 20% interest in the proposed Midwest uranium project. As a result of this disposition, Cameco decreased its ownership interest in the Key Lake operation to 83.33% and McArthur River project to 69.81%. These transactions were accounted for as follows:

	(Thousands)
Proceeds on sale	$ 250,900
Less cash sold	(11,723)
Net proceeds on sale	239,177
Less carrying values of property interests	(226,048)
Gain on disposition before tax recovery	13,129
Deferred tax recovery [note 16]	59,325
Gain on sale of property interests	**$ 72,454**

24. Property and Business Acquisitions

In 1998, Cameco purchased all of the outstanding shares of Uranerz Exploration and Mining Limited and Uranerz U.S.A., Inc. (collectively Uranerz). The principal assets acquired in connection with the acquisition consisted of interests of 27.92% in the McArthur River project, 33.33% in the Key Lake mine and mill, 33.33% in the Rabbit Lake mine and mill and 57.69% in the Crow Butte mine and mill. As a result of the Uranerz acquisition, Cameco increased its ownership interest in the McArthur River project to 83.77%, in each of the Key Lake, Rabbit Lake and Contact Lake operations to 100% and in the Crow Butte operation to 90%. The purchase price of $490,220,000 plus accrued interest of $5,738,000 was paid in cash. Integral to the acquisition was the purchase of a 6.45% interest in Energy Resources of Australia Ltd. (ERA) for $58,002,000. For accounting purposes, the excess of the purchase price of the ERA shares over their market value at time of closing of $19,141,000 has been included in the acquisition cost of Uranerz.

The acquisition has been accounted for using the purchase method of accounting and the results of operations are included in Cameco's consolidated financial statements from the effective date of purchase.

	(Thousands)
Net assets acquired were:	
Working capital	$ 2,857
Long-term receivables and investments	19,141
Property, plant and equipment	576,655
Long-term liabilities	(44,693)
Net assets acquired	553,960
Less cash acquired	(5,832)
Net	**$ 548,128**

25. Commitments and Contingencies

(a) Cameco is a co-defendant, with Canada Eldor Inc., in a lawsuit brought in 1993 on behalf of certain members of the Eldorado Pension Plan (plan). The lawsuit is based on the fact that approximately $15,500,000 of plan expenses and employer contributions was funded from the plan surplus rather than from the co-defendants.

The co-defendants have a number of defences which continue to be vigorously pursued. Management remains of the opinion, after review of the facts with counsel, that the outcome of this case will not have a material impact on Cameco's financial position, results of operations or liquidity.

(b) An action against Cameco, Cameco Gold Inc., Kumtor Operating Company and certain other parties commenced in a Canadian court by certain dependants of nine persons seeking damages, in the amount of $20,700,000 plus interest and costs including punitive damages, in connection with the death of the said nine persons in a helicopter accident in Kyrgyzstan on October 4, 1995, is continuing. This action is being defended by the insurers of Cameco. Management is of the opinion, after review of the facts with counsel, that the outcome of this action will not have a material financial impact on Cameco's financial position, results of operations or liquidity.

(c) An action against Cameco was filed by Oren Benton on November 28, 2000 in the State of Colorado, U.S.A. The action alleges breach of contract and tortious interference and sets forth a claim for purported damages with respect to each of these charges of $100,000,000 (US).

Cameco, having only recently been served with Benton's claim, has not yet filed its responses. Management is of the opinion that the claim is completely without merit and that the outcome of this action will not have a material financial impact on Cameco's financial position, results of operations or liquidity.

26. Financial Instruments

The majority of revenues are derived from the sale of uranium products. Cameco's financial results are closely related to the long and short-term market price of uranium and conversion services. Prices are subject to fluctuation and are affected by demand for nuclear power, worldwide production and uranium inventory levels, and political and economic conditions in uranium producing and consuming countries. Revenue from gold operations is largely dependent on the market price of gold which is subject to significant fluctuation affected by industry and economic factors and worldwide production and central banks' inventory levels. Financial results are also impacted by changes in foreign currency exchange rates, interest rates and other operating risks.

To hedge risks associated with fluctuations in the market price for uranium, Cameco seeks, when market conditions permit, to maintain a portfolio of uranium contracts with a variety of delivery dates and pricing mechanisms which provides a degree of protection from price volatility. To hedge risks associated with gold prices and foreign currency exchange rates, Cameco employs a number of financial instruments. Cameco uses a series of put and call options to establish a minimum and maximum price range for gold sales and exchange rates for cash flows denominated in a foreign currency. Cameco also enters into forward sales contracts which establish a price for future deliveries of gold and US dollars. Net realized gains (losses) on contracts designated as hedges are recorded as deferred revenues (deferred charges) and recognized in earnings when the original hedged transaction occurs.

Instruments such as swaps, puts and calls and forward rate agreements are used by Cameco to manage funding costs and reduce the impact of interest rate volatility.

Financial assets which are subject to credit risks include cash and securities, accounts receivable and commodity and currency instruments. Cameco mitigates credit risk on these financial assets by holding positions with a variety of large creditworthy institutions. Sales of uranium, with short payment terms, are made to customers which management believes are creditworthy.

Except as disclosed below, the fair market value of Cameco's financial assets and financial liabilities approximates net book value as a result of the short-term nature of the instrument or the variable interest rate associated with the instrument.

Currency

At December 31, 2000, Cameco had hedged $545,739,000 (US) at an average spot exchange rate of $1.495 designated to various dates through 2004 as follows:

	(Thousands)
2001	$ 265,739
2002	198,000
2003	72,000
2004	10,000
Total	**$ 545,739**

These hedge positions consist entirely of spot-deferred forward contracts. At December 31, 2000, Cameco's net mark-to-market loss on these foreign currency instruments was $7,338,000 (Cdn).

Commodity

At December 31, 2000, Cameco's share of Kumtor gold hedging positions consisted of:

	Amount Hedged (Thousands oz)	Average Price (US$/oz)
Spot deferred forward contracts	196	$ 309
Put options purchased	124	$ 266
Call options sold	118	$ 294

Average prices reflect contract prices as at December 31, 2000 to their initial maturity date which is earlier than the designation date in many cases.

These positions have been designated against deliveries in 2001 (111,000 ounces), 2002 (92,000 ounces), 2003 (71,000 ounces), 2004 (28,000 ounces), and 2005 (18,000 ounces). From the initial maturity date to the designation date contract prices are expected to accrue contango. The rate of contango earned will depend on the difference between future US interest rates and gold lease rates.

At December 31, 2000, the net mark-to-market gain on the above instruments was $6,512,000 (US).

27. Per Share Amounts

Per share amounts have been calculated based on the weighted average number of common shares outstanding during the year net of shares held as security for employee loans to purchase such shares. The weighted average number of paid shares outstanding in 2000 was 55,522,935 (1999 - 57,380,167; 1998 - 57,277,116).

	2000	1999	1998
		(Per Share)	
Cash provided by operations	$ 4.04	$ 4.35	$ 4.13
Earnings (loss) from operations	$ (0.82)	$ 1.38	$ 1.82
Net earnings (loss)	$ (1.57)	$ 1.24	$ 0.76

28. Segmented Information

Cameco has two reportable segments: nuclear and gold. The nuclear segment involves the mining, milling, refining, conversion and sale of uranium concentrate. The gold segment involves the mining, milling and sale of gold.

Cameco's reportable segments are strategic business units with different products, different processes and different marketing strategies.

Accounting policies used in each segment are consistent with the policies outlined in the summary of significant accounting policies.

(a) Business Segments

2000	Nuclear	Gold	Total
		(Millions)	
Revenue	$ 579.7	$ 109.2	$ 688.9
Products and services sold	364.5	49.4	413.9
Depreciation, depletion and reclamation	85.9	31.1	117.0
Exploration	11.6	9.2	20.8
Research and development	2.5	–	2.5
Writedown of mineral properties	127.7	–	127.7
Provision for waste disposal	20.2	–	20.2
Other	(1.9)	–	(1.9)
Non-segmented expenses			32.5
Loss before income taxes	(30.8)	19.5	(43.8)
Income taxes			34.5
Net loss	$ (30.8)	$ 19.5	$ (78.3)
Assets	$ 2,481.0	$ 321.0	$ 2,802.0
Capital expenditures for the year	$ 78.7	$ 5.4	$ 84.1

1999	Nuclear	Gold	Total
		(Millions)	
Revenue	$ 634.4	$ 107.2	$ 741.6
Products and services sold	378.8	50.1	428.9
Depreciation, depletion and reclamation	96.7	40.2	136.9
Exploration	11.4	11.2	22.6
Research and development	2.3	–	2.3
Writedown of mineral properties	–	45.5	45.5
Gain on sale of property interests	(13.1)	–	(13.1)
Other	(1.6)	3.6	2.0
Non-segmented expenses			39.2
Earnings before income taxes	**159.9**	**(43.4)**	**77.3**
Income taxes			(2.7)
Net earnings	**$ 159.9**	**$ (43.4)**	**$ 80.0**
Assets	**$ 2,661.1**	**$ 303.0**	**$ 2,964.1**
Capital expenditures for the year	**$ 199.0**	**$ 2.1**	**$ 201.1**

1998	Nuclear	Gold	Total
		(Millions)	
Revenue	$ 575.7	$ 143.2	$ 718.9
Products and services sold	336.9	63.7	400.6
Depreciation, depletion and reclamation	87.5	39.2	126.7
Exploration	14.8	15.8	30.6
Research and development	2.7	–	2.7
Writedown of mineral properties	16.0	–	16.0
Other	–	9.4	9.4
Non-segmented expenses			40.0
Earnings before income taxes	**117.8**	**15.1**	**92.9**
Income taxes			47.3
Net earnings	**$ 117.8**	**$ 15.1**	**$ 45.6**
Assets	**$ 2,504.3**	**$ 434.3**	**$ 2,938.6**
Capital expenditures for the year	**$ 699.5**	**$ 2.8**	**$ 702.3**

(b) Geographic Segments	2000	1999	1998
		(Millions)	
Revenue from products and services			
Canada – domestic	$ 41.1	$ 49.0	$ 31.6
– export	474.2	532.1	507.9
United States	64.3	59.1	65.2
Central Asia	109.3	101.4	114.2
	$ 688.9	**$ 741.6**	**$ 718.9**
Assets			
Canada	$ 2,377.9	$ 2,408.0	$ 2,278.3
United States	123.0	258.8	267.9
Central Asia	301.1	297.3	392.4
	$ 2,802.0	**$ 2,964.1**	**$ 2,938.6**

(c) **Major Customers**

Cameco relies on a small number of customers to purchase a significant portion of its uranium concentrates and uranium conversion services. During 2000, sales to any one customer did not exceed 10% of revenue. As customers are relatively few in number, accounts receivable from any individual customer may periodically exceed 10% of accounts receivable depending on delivery schedules. During 1999 and 1998, sales to any one customer did not exceed 10% of revenue

29. Comparative Figures

Certain prior year balances have been reclassified to conform to the current financial statement presentation.

30. Generally Accepted Accounting Principles in Canada and the United States

The consolidated financial statements of Cameco are expressed in Canadian dollars in accordance with Canadian generally accepted accounting principles (Canadian GAAP). The following adjustments and disclosures would be required in order to present these consolidated financial statements in accordance with accounting principles generally accepted in the United States (US GAAP).

(a) **Reconciliation of earnings in accordance with Canadian GAAP to earnings determined in accordance with US GAAP.**

	2000	1999	1998
		(Thousands)	
Net earnings (loss) under Canadian GAAP	$ (78,337)	$ 80,037	$ 45,644
Add (deduct) adjustments for:			
Interest on preferred securities (i)	(16,445)	(16,361)	(3,638)
Capitalized interest (ii)	3,312	16,361	3,638
Writedown of mineral properties (iii)	(35,716)	(12,895)	–
Depreciation and depletion (iii)	2,579	645	–
Mineral property costs (iv)	(2,548)	(10,108)	–
Pre-operating costs (v)	(5,488)	–	–
Foreign exchange losses (vi)	–	–	(12,639)
Realization of cumulative translation account (vii)	(3,725)	–	–
Income tax effect of adjustments	11,424	4,640	5,764
Net earnings (loss) under US GAAP	(124,944)	62,319	38,769
Foreign currency translation adjustments	5,884	(3,177)	19,111
Unrealized gain on available-for-sale securities (viii)	469	10,359	–
Comprehensive income (loss) under US GAAP	$(118,591)	$ 69,501	$ 57,880
Net earnings (loss) per share under US GAAP	$ (2.25)	$ 1.09	$ 0.68

(b) Comparison of balance sheet items determined in accordance with Canadian GAAP to balance sheet items determined in accordance with US GAAP.

(i) Balance Sheets

	2000		1999	
	Canadian GAAP	US GAAP	Canadian GAAP	US GAAP
	(Thousands)		(Thousands)	
Current assets	$ 571,117	$ 573,589	$ 588,683	$ 588,683
Property, plant and equipment	2,044,820	2,003,465	2,135,843	2,137,622
Long-term receivables, investments and other	168,460	174,160	175,736	181,958
Inventories	17,584	21,376	63,881	63,881
Total assets	$2,801,981	$2,772,590	$2,964,143	$2,972,144
Current liabilities	$ 158,874	$ 158,874	$ 181,391	$ 181,391
Long-term debt	269,677	453,197	328,963	505,211
Provision for reclamation	131,966	131,966	103,411	103,411
Other liabilities	15,611	15,611	15,618	15,618
Deferred income taxes	445,324	440,247	412,417	411,199
	1,021,452	1,199,895	1,041,800	1,216,830
Shareholders' equity				
Preferred securities	183,520	–	176,248	–
Share capital	665,651	665,651	683,787	683,787
Contributed surplus	472,488	472,488	490,771	490,771
Retained earnings	437,328	385,822	552,154	538,375
Accumulated other comprehensive income				
– cumulative translation account	21,542	37,906	19,383	32,022
– available-for-sale securities	–	10,828	–	10,359
	1,780,529	1,572,695	1,922,343	1,755,314
Total liabilities and shareholders' equity	$2,801,981	$2,772,590	$2,964,143	$2,972,144

(ii) Components of accounts payable and accrued liabilities are as follows:

	2000		1999	
	Canadian GAAP	US GAAP	Canadian GAAP	US GAAP
	(Thousands)		(Thousands)	
Accounts payable	$ 67,898	$ 67,898	$ 71,530	$ 71,530
Taxes and royalties payable	26,009	26,009	28,236	28,236
Accrued liabilities	7,967	7,967	6,107	6,107
Total accounts payable and accrued liabilities	$ 101,874	$ 101,874	$ 105,873	$ 105,873

(c) The effects of these adjustments would result in the consolidated statements of cash flows reporting the following under US GAAP:

	2000	1999	1998
		(Thousands)	
Cash provided by operations	$ 221,101	$ 247,647	$ 236,824
Cash provided by (used in) investing	$ (98,362)	$ 21,984	$ (697,439)
Cash provided by (used in) financing	$ (135,077)	$ (260,628)	$ 387,359

(i) Preferred Securities

Preferred securities are classified as equity under Canadian GAAP and interest payments, on an after tax basis, are classified as distributions of equity. Under US GAAP, the preferred securities are classified as debt and interest payments are included in interest expense.

(ii) Capitalized Interest

Cameco's policy under both Canadian GAAP and US GAAP is to capitalize interest on expenditures related to construction of development projects actively being prepared for their intended use. Under US GAAP, a portion of the interest on the preferred securities, classified as debt under US GAAP, would be capitalized to development properties. Also under US GAAP, the carrying value of development projects against which interest is capitalized would be lower (see note (v) below).

(iii) Writedown of Mineral Properties

Under both Canadian and US GAAP, property, plant and equipment must be assessed for potential impairment. Under Canadian GAAP, the impairment loss is the difference between the carrying value of the asset and its recoverable amount calculated as undiscounted estimated future net cash flows. Under US GAAP, if the undiscounted estimated future net cash flows are less than the carrying value of the asset, the impairment loss is calculated as the amount by which the carrying value of the asset exceeds its fair value. Fair value has been calculated as the present value of estimated future net cash flows. The resulting difference in the writedown between US and Canadian GAAP also results in a difference in the amount of depreciation and depletion charged to earnings.

(iv) Mineral Property Costs

Consistent with Canadian GAAP, Cameco defers costs related to mineral properties once the decision to proceed to development has been made. Under US GAAP, these costs are expensed until such time as a final feasibility study has confirmed the existence of a commercially mineable deposit.

(v) Pre-Operating Costs

Under Canadian GAAP, pre-operating costs incurred during the commissioning phase of a new project are deferred until commercial production levels are achieved. After such time, those costs are amortized over the estimated life of the project. Under US GAAP, such costs are expensed as incurred as required by AICPA Statement of Position 98-5, Reporting on the Cost of Start-Up Activities.

(vi) Foreign Exchange Losses

Under US GAAP, a foreign currency forward transaction can only qualify as a hedge of a firm foreign currency commitment. Under Canadian GAAP, a foreign currency forward transaction can qualify as a hedge of an anticipated foreign currency commitment. Foreign exchange losses on foreign currency transactions where the transaction was anticipated but not committed have been deducted against earnings for US GAAP purposes.

(vii) Realization of Cumulative Translation Account

Under Canadian GAAP, a proportionate amount of the cumulative translation account is recognized in earnings when a portion of the net investment in a subsidiary is realized. US GAAP does not allow for any of the cumulative translation account to be taken to earnings unless a portion of the investment has been sold or substantially liquidated.

(viii) Available-for-Sale Securities

Under Canadian GAAP, portfolio investments are accounted for using the cost method. Under US GAAP, portfolio investments classified as available-for-sale securities are carried at market values with unrealized gains or losses reflected as a separate component of shareholders' equity and included in comprehensive income. Cameco's investments in Energy Resources of Australia Ltd and Menzies Gold NL are classified as available-for-sale. The fair market value of these investments at December 31, 2000 was $28,392,000 (1999 - $27,923,000) and the unrealized gain was $10,828,000 (comprised of: 2000 - $469,000; 1999 - $10,359,000).

(d) Stock-Based Compensation

Statement of Financial Accounting Standards no. 123, Accounting for Stock-Based Compensation establishes financial accounting and reporting standards for stock-based employee compensation plans. This statement defines a fair value based method of accounting for employee stock options. However, it also allows an entity to continue to measure compensation cost for those plans using the intrinsic value based method of accounting prescribed by APB Opinion No. 25, which is similar to the method applied under Canadian GAAP and followed by Cameco. Companies that continue to follow the intrinsic value based method must disclose pro-forma earnings and earnings per share information under the fair value method.

If the fair value based method of accounting had been applied, pro-forma net earnings and earnings per share would have been as follows:

	2000	1999	1998
		(Thousands)	
Net earnings (loss) for the year in accordance with US GAAP as calculated above	$(124,944)	$ 62,319	$ 38,769
Effect of recording compensation expense under stock option plans	(966)	(3,593)	(4,854)
Pro-forma net earnings (loss) after application of SFAS 123	$(125,910)	$ 58,726	$ 33,915
Pro-forma net earnings (loss) per common share after application of SFAS 123	$ (2.27)	$ 1.02	$ 0.59

In calculating the foregoing pro-forma amounts, the fair value of each option grant was estimated as of the date of grant using the Black-Scholes option-pricing model with the following weighted average assumptions:

	2000	1999	1998
Dividend	$ 0.50	$ 0.50	$ 0.50
Expected volatility	44.8%	35.7%	39.4%
Risk-free interest rate	6.0%	6.5%	6.0%
Expected life of option	8 years	8 years	10 years
Expected forfeitures	20.0%	20.0%	10.0%

(e) New Accounting Pronouncements

Effective January 1, 2001, Cameco is required to adopt SFAS No. 133 (SFAS 133), "Accounting for Derivative Instruments and Hedging Activities." SFAS 133 requires Cameco to recognize all derivatives on the balance sheet at fair value. If the derivative is a hedge, depending on the nature of the hedge, changes in the fair value of the derivative will either be offset against the change in fair value of the hedged assets, liabilities, or firm commitments through earnings or recognized in other comprehensive income until the hedged item is recognized in earnings. Any ineffective portion of the derivative's change in fair value will be immediately recognized in earnings and any derivatives that are not hedges must be adjusted to fair value through income.

Based on its derivative positions at December 31, 2000, Cameco estimates that, upon adoption, it will report a liability of $8,400,000 for the fair value of its derivative portfolio and a corresponding offset in other comprehensive income.

The consolidated financial statements are prepared by management in accordance with Canadian generally accepted accounting principles and, except as described in note 30, conform in all material respects with accounting principles generally accepted in the United States. Management makes various estimates and assumptions in determining the reported amounts of assets and liabilities, revenues and expenses for each year presented, and in the disclosure of commitments and contingencies. The most significant estimates are related to the lives and recoverability of mineral properties, provisions for decommissioning and reclamation of assets, deferred income taxes, financial instruments and mineral reserves. Actual results could differ from these estimates. This summary of significant accounting policies is a description of the accounting methods and practices that have been used in the preparation of these consolidated financial statements and is presented to assist the reader in interpreting the statements contained herein.

Consolidation Principles

The consolidated financial statements include the accounts of Cameco and its subsidiaries. Interests in joint ventures are accounted for by the proportionate consolidation method. Under this method, Cameco includes in its accounts its proportionate share of assets, liabilities, revenues and expenses.

Cash

Cash consists of balances with financial institutions and investments in money market instruments which have a term to maturity of three months or less.

Inventories

Inventories of broken ore, uranium concentrates and refined and converted products are valued at the lower of average cost and net realizable value.

Supplies

Consumable supplies and spares are valued at the lower of weighted average cost or replacement value.

Investments

Investments in associated companies over which Cameco has the ability to exercise significant influence are accounted for by the equity method. Under this method, Cameco includes in earnings its share of earnings or losses of the associated company. Other long-term investments are carried at cost or at cost less amounts written off to reflect a decline in value that is other than temporary.

Property, Plant and Equipment

Assets are carried at cost. Costs of additions and improvements are capitalized. When assets are retired or sold, the resulting gains or losses are reflected in current earnings. Maintenance and repair expenditures are charged to cost of production. The carrying values of property, plant and equipment are periodically assessed by management and if management determines that the carrying values cannot be recovered, the unrecoverable amounts are written off against current earnings.

Non-Producing Properties

The decision to develop a mine property within a project area is based on an assessment of the commercial viability of the property, the availability of financing and the existence of markets for the product. Once the decision to proceed to development is made, development and other expenditures relating to the project area are deferred and carried at cost with the intention that these will be depleted by charges against earnings from future mining operations. No depreciation or depletion is charged against the property until commercial production commences. After a mine property has been brought into commercial production, costs of any additional work on that property are expensed as incurred, except for large development programs, which will be deferred and depleted over the remaining life of the related assets.

The carrying values of non-producing properties are periodically assessed by management and if management determines that the carrying values cannot be recovered, the unrecoverable amounts are written off against current earnings.

Property Evaluations

Cameco reviews the carrying values of its properties when changes in circumstances indicate that those carrying values may not be recoverable. Estimated future net cash flows are calculated using estimated recoverable reserves, estimated future commodity prices and the expected future operating, capital and reclamation costs. The carrying value of a property is written down to the extent that the estimated future net cash flows, on an undiscounted basis, are less than the carrying value of the property.

Deferred Income Taxes

Deferred income taxes are recognized for the future income tax consequences attributable to differences between the carrying values of assets and liabilities and their respective income tax bases. Deferred income tax assets and liabilities are measured using enacted income tax rates expected to apply to taxable income in the years in which temporary differences are expected to be recovered or settled. The effect on deferred income tax assets and liabilities of a change in rates is included in earnings in the period which includes the enactment date. Deferred income tax assets are recorded in the financial statements if realization is considered more likely than not.

Capitalization of Interest

Interest is capitalized on expenditures related to construction or development projects actively being prepared for their intended use. Capitalization is discontinued when the asset enters commercial operation or development ceases.

Depreciation and Depletion

Conversion services assets, mine buildings, equipment and mineral properties are depreciated or depleted according to the unit-of-production method. This method allocates the

costs of these assets to each accounting period. For conversion services, the amount of depreciation is measured by the portion of the facilities' total estimated lifetime production that is produced in that period. For mining, the amount of depreciation or depletion is measured by the portion of the mines' economically recoverable proven and probable ore reserves which are recovered during the period.

Other assets are depreciated according to the straight-line method based on estimated useful lives which range from three to 10 years.

Research and Development and Exploration Costs

Expenditures for applied research and technology related to the products and processes of Cameco and expenditures for geological exploration programs are charged against earnings as incurred.

Environmental Protection and Reclamation Costs

Expenditures relating to ongoing environmental and reclamation programs are charged against earnings as incurred or capitalized and depreciated depending on their relationship to future earnings. The estimated costs for decommissioning and reclaiming producing resource properties are accrued and charged to operations according to the unit-of-production method. Actual costs of decommissioning and reclamation are deducted against this accrual. Cameco's estimates of reclamation costs could change as a result of changes in regulatory requirements and cost estimates.

Employee Future Benefits

Cameco accrues its obligations under employee benefit plans. The cost of pensions and other retirement benefits earned by employees is actuarially determined using the projected benefit method prorated on service and management's best estimate of expected plan investment performance, salary escalation, retirement ages of employees and expected health care costs. For the purpose of calculating the expected return on plan assets, those assets are measured at fair value. Past service costs arising from plan amendments and net actuarial gains and losses are amortized on a straight-line basis over the expected average remaining service life of the plan participants.

Sales of Products and Services

In accordance with normal industry practices, Cameco contracts for future delivery of mine concentrates and conversion services. Sales revenue is recorded in the period that title passes or, with customer-owned material, when delivery is effected.

Amortization of Financing Costs

Debt discounts and issue expenses associated with long-term financing are deferred and amortized over the term of the issues to which they relate.

Foreign Currency Translation

Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at year-end rates of exchange. Revenue and expense transactions denominated in foreign currencies are translated into Canadian dollars at rates in effect at the time of the transactions. The applicable exchange gains and losses arising on these transactions are reflected in earnings.

Foreign currency gains or losses arising on translation of long-term monetary items with a fixed or ascertainable life beyond the end of the following fiscal year are deferred and amortized to earnings over the remaining life of the item.

The United States dollar is considered the functional currency of Cameco's uranium operations in the United States and gold operations in Kyrgyzstan. The financial statements of these operations are translated into Canadian dollars using the current rate method whereby all assets and liabilities are translated at the year-end rate of exchange and all revenue and expense items are translated at the average rate of exchange prevailing during the year. Exchange gains and loses arising from this this translation, representing the net unrealized foreign currency translation gain (loss) on Cameco's net investment in these foreign operations, are recorded in the cumulative translation account component of shareholders' equity. Exchange gains or losses arising from the translation of foreign debt and preferred securities designated as hedges of a net investment in foreign operations are also recorded in the cumulative translation account component of shareholders' equity. These adjustments are not included in earnings until realized through a reduction in Cameco's net investment in such operations.

Derivative Financial Instruments and Hedging Transactions

Cameco utilizes derivative financial and commodity instruments to reduce exposure to fluctuations in foreign currency exchange rates, interest rates and commodity prices. Gains and losses related to derivatives that are hedges are deferred and recognized in the same period as the corresponding hedged positions. If derivative financial instruments are closed before planned delivery, gains or losses are recorded as deferred revenue or deferred charges and recognized on the planned delivery date.

A derivative must be designated and effective to be accounted for as a hedge. Effectiveness is achieved if the cash flows or fair values of the derivative substantially offset the cash flows of the hedged position and the timing is similar.

Premiums paid or received with respect to derivatives are recognized based on the original hedge designation date.

Per Share Amounts

Per share amounts are calculated using the weighted average number of paid common shares outstanding.

Candu
Canada, Deuterium, Uranium. Canadian designed and built pressure tube nuclear reactor which uses natural uranium as fuel and heavy water (deuterium oxide) as the moderator.

Conversion Factors
Weights and measures are indicated in the unit most commonly used in specific areas of the industry. These are noted with * and conversion factors are provided below.

Take This:	Do This	To Obtain This
*cm	÷ 2.54	= inch
*km	÷ 1.60	= mile
*oz	x 31.10	= g
t	x 1.10	= T
*T	x 0.90	= t
*oz/T	x 34.28	= g/t
*lb U_3O_8	÷ 2599.8	= tU
tU	x 2599.8	= lb U_3O_8
*% U_3O_8	÷ 1.18	= % U

Dose
Term used to quantify the amount of energy absorbed from ionizing radiation per unit mass.

Enriched Uranium
Uranium in which the content of the isotope uranium-235 has been increased above its natural value of 0.7% by weight. Typical low-enriched uranium for commercial power reactors is enriched in uranium-235 to the range of 3% to 5%. In highly enriched uranium, the uranium-235 has been increased to 20% or more.

In Situ Leaching
A process involving pumping a solution down an injection well where it flows through the deposit, dissolving uranium. The uranium-bearing solution is pumped to surface where the uranium is recovered from the solution.

Light-Water Reactor
A thermal reactor using ordinary water both as a moderator and as a coolant with enriched uranium as fuel.

Ounce (oz)
All ounces in this report are troy ounces.

Radiation
Radiation occurs naturally. It is a type of energy that travels through space in the form of waves, or particles, which give up all or part of their energy on contact with matter. Radiation can take the form of alpha or beta particles, x-rays or gamma rays, or neutrons.

Radiation Types
Alpha particles do not penetrate matter deeply—they can be stopped by a sheet of paper or a few millimetres of air. The potential hazard from alpha particles is internal from possible inhalation or ingestion.

Beta particles penetrate further than alpha particles but can be stopped by aluminum foil or a few centimetres of wood.

X-rays penetrate flesh, bone and metal. Gamma rays penetrate most deeply and substances which emit gamma radiation can be hazardous inside and outside the body. Protection from X-rays and gamma rays includes shielding by concrete, water and lead.

Neutrons are particles which also penetrate matter deeply. They come from outer space and also occur inside nuclear reactors. Water and concrete are used effectively as shielding in nuclear plants.

Radon
Radon is a naturally occurring, radioactive gas that is produced from the radioactive decay of radium-226, one of the decay products of uranium-238. The primary hazard from radon is its decay products, which are referred to as radon progeny. Radon progeny are short-lived radioactive decay products of radon gas.

Spot Market
The buying and selling of uranium products for delivery within one year.

Spot Market Price
Price for product sold or purchased in the spot market rather than under a long-term contract.

t
Tonne (metric ton)

T
Ton (short ton)

UO_2
Uranium dioxide. Converted from UO_3 at Cameco's Port Hope plant, then compressed to pellets and sintered by fuel fabricators to make fuel for Candu reactors.

UO_3
Uranium trioxide. An intermediate product produced at Cameco's Blind River refinery and used as feed to produce UO_2 and UF_6 at Cameco's Port Hope conversion plants.

U_3O_8
Triuranium octoxide. At Cameco operations, it is in the form of concentrate, often called yellowcake.

UF_6
Uranium hexafluoride. Converted from UO_3 at Cameco's Port Hope plant. Following enrichment, UF_6 is converted to enriched UO_2 suitable for fabrication into fuel for light-water reactors.

Western World Uranium Market
Western world includes Argentina, Australia, Belgium, Brazil, Canada, Czech Republic, Finland, France, Gabon, Germany, India, Indonesia, Japan, Mexico, Namibia, Netherlands, Niger, Pakistan, Philippines, Portugal, Romania, Slovenia, South Africa, South Korea, Spain, Sweden, Switzerland, Taiwan, Thailand, Turkey, United Kingdom and the United States.

Mineral Resource

A mineral resource is a concentration or occurrence of natural, solid, inorganic or fossilized organic material in or on the earth's crust in such form and quantity and of such a grade or quality that it has reasonable prospects for economic extraction. The location, quantity, grade, geological characteristics and continuity of a mineral resource are known, estimated or interpreted from specific geological evidence and knowledge.

Inferred Mineral Resource

An inferred mineral resource is that part of a mineral resource for which quantity and grade or quality can be estimated on the basis of geological evidence and limited sampling and reasonably assumed, but not verified, geological and grade continuity. The estimate is based on limited information and sampling gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes.

Indicated Mineral Resource

An indicated mineral resource is that part of a mineral resource for which quantity, grade or quality, density, shape and physical characteristics, can be estimated with a level of confidence sufficient to allow the appropriate application of technical and economic parameters, to support mine planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough for geological and grade continuity to be reasonably assumed.

Measured Mineral Resource

A measured mineral resource is that part of a mineral resource for which quantity, grade or quality, density, shape and physical characteristics are so well established that they can be estimated with confidence sufficient to allow the appropriate application of technical and economic parameters, to support production planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough to confirm both geological and grade continuity.

Mineral Reserve

A mineral reserve is the economically mineable part of a measured or indicated mineral resource demonstrated by at least a preliminary feasibility study. This study must include adequate information on mining, processing, metallurgical, economic and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified. A mineral reserve includes diluting materials and allowances for losses that may occur when the material is mined.

Probable Mineral Reserve

A probable mineral reserve is the economically mineable part of an indicated, and in some circumstances a measured mineral resource demonstrated by at least a preliminary feasibility study. This study must include adequate information on mining, processing, metallurgical, economic, and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified.

Proven Mineral Reserve

A proven mineral reserve is the economically mineable part of a measured mineral resource demonstrated by at least a preliminary feasibility study. This study must include adequate information on mining, processing, metallurgical, economic, and other relevant factors that demonstrate, at the time of reporting, that economic extraction is justified.

NOTES

In this mineral reserves and resources statement Cameco uses a definition of classes of mineralization taking into account a maximum number of parameters of various natures.

These parameters are:

- the precision of the estimate;
- the economic feasibility of the project, which relates not only to grades but to the volume of the reserves, the location, the chemistry of the expected ore, the price of the product, etc.;
- the legal status of the project and its possible evolution in the very near future.

Cameco's mineral reserves include allowances for dilution and mining or in situ leaching recovery, except for the McArthur River reserves where the high grade ore requires deliberate dilution to comply with license conditions. No allowances have been applied to mineral resources. Stated mineral reserves and resources have been calculated based on estimated quantities of mineralized material recoverable by established mining methods. This includes only deposits with mineral values in excess of cut-off grades used in normal mining operations. Cameco's mineral reserves include material in place and on stockpiles. Only mineral reserves have demonstrated economic viability.

Mineral reserve and resource estimates as presented were prepared by or under the supervision of a qualified person, Raymond Jean Francois Chauvet, geological engineer and professional geoscientist, who is director, mining resources and methods at Cameco. Cameco's mineral reserve and resource estimates are extracted from internally generated data or audited reports. No independent verification of Cameco's reserve and resource estimates has been performed.

There are numerous uncertainties inherent in estimating mineral reserves and resources. The accuracy of any reserve and resource estimation is the function of the quality of available data and of engineering and geological interpretation and judgment. Results from drilling, testing and production, as well as material changes in uranium or gold prices, subsequent to the date of the estimate may justify revision of such estimates.

Cameco's classification of mineral reserves and resources and the subcategories of each, conforms to the definitions adopted by CIM Council on August, 20, 2000, which are in accordance with the National Instrument 43-101 dated November 17, 2000, issued by the Canadian Securities Administrators. Cameco reports reserves and resources separately, the amount of reported resources does not include those amounts identified as reserves. Mineral resources which are not mineral reserves do not have demonstrated economic viability.

DIRECTORS

JOHN S. AUSTON [1,5]

West Vancouver, British Columbia
Corporate Director

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President and Chief Executive Officer, Nuclear Energy Institute

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GARY M.S. CHAD

Senior Vice-President, Law, Regulatory Affairs and Corporate Secretary

VISION

Cameco is a unique and successful international company.

Our core business is uranium production and the supply of services to the nuclear industry. We are committed to providing, on a long-term basis, outstanding value to our customers.

As an integrated leader in the nuclear industry and a recognized gold producer, we find and develop quality mineral deposits. We achieve excellence in our operations, in the protection of the environment, in the health and safety of our employees and in the development of our human resources. Cameco earns the support of the communities with which it interacts.

Cameco achieves sustainable growth and profitability through ethical business conduct and, by so doing, will continue to be an investment and employer of choice, providing outstanding value to our shareholders and a rewarding workplace for our employees.

VALUES

Excellence Cameco pursues excellence in all undertakings. We value people who strive to produce work of the highest quality. We encourage creativity, innovation and an attitude of continuous improvement.

People Cameco values the contribution of every employee. We seek strong relationships based on honest communications with employees and their families, customers, shareholders and suppliers.

Integrity Cameco seeks to earn the respect of all people with whom it interacts. We inspire trust based on honest, fair and ethical behaviour.

Environment Cameco's operations provide a safe human and physical environment. We are committed to exemplary practices that promote the health of employees, safeguard the environment and allow us to return the sites of our operations to their natural conditions.

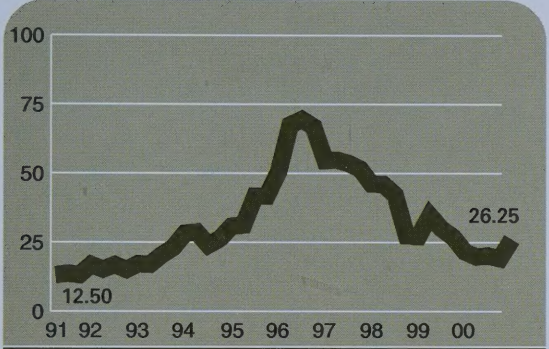
(Dollars are expressed in $ Canadian millions except prices and per share amounts)

	2000	1999	1998	1997	1996
Commodity Market Prices (annual average)					
Uranium (spot price in \$US/lb U_3O_8)	\$ 8.21	\$ 10.23	\$ 10.32	\$ 12.04	\$ 15.54
Gold (market price in \$US/oz)	279.08	278.88	294.24	330.98	387.77
Operations					
Revenue	\$ 688.9	\$ 741.6	\$ 718.9	\$ 642.9	\$ 590.9
Earnings (loss) [1] from operations	(45.7)	79.3	104.5	151.0	145.3
Net earnings [1] before special items	44.5	42.3	67.5	82.0	137.5
Net earnings (loss) [1]	(87.2)	71.2	43.7	82.0	137.5
EBITDA [2]	213.6	252.0	245.5	265.7	236.8
Cash provided by operations	224.3	249.4	236.8	162.1	177.9
Capital expenditures	84.1	201.1	702.3	307.7	155.4
Financial Position					
Total assets	\$ 2,802.0	\$2,964.1	\$2,938.6	\$ 2,270.7	\$1,778.6
Total debt	294.3	359.2	601.4	286.7	200.0
Shareholders' equity	1,780.5	1,922.3	1,903.3	1,692.2	1,419.7
Financial Ratios					
Current ratio (current assets/current liabilities)	3.6:1	3.3:1	2.4:1	2.0:1	4.2:1
Return on common shareholders' equity	(3%)	4%	3%	6%	11%
Net debt to capitalization	13%	14%	23%	9%	12%
Cash from operations/total net debt	86%	80%	42%	92%	96%
Common Share Data (\$ per share)					
Net earnings before special items	\$ 0.81	\$ 0.72	\$ 1.18	\$ 1.51	\$ 2.60
Net earnings (loss)	(1.57)	1.24	0.76	1.51	2.60
Cash provided by operations	4.04	4.35	4.13	2.98	3.37
Dividends	0.50	0.50	0.50	0.50	0.50
Book value	28.77	30.51	29.77	29.46	26.70
TSE Market – high	28.25	40.50	48.75	60.00	76.25
– low	14.50	20.75	24.05	40.00	50.38
– close	26.25	21.95	27.45	46.40	54.90
– annual volume (millions)	35.3	30.5	24.3	33.0	28.6
Shares outstanding (millions)					
Weighted average	55.5	57.4	57.3	54.4	52.8
Year end	55.5	57.2	57.7	57.4	53.2
Production (Cameco's Share)					
Uranium concentrates (million lbs U_3O_8)	16.6	16.8	27.5	19.3	16.6
Uranium conversion (UF_6 and UO_2) (000s tU)	9.3	11.2	11.2	12.6	10.1
Gold (oz)	223,339	203,508	244,385	202,454	40,375
Employees	2,924	2,843	2,902	2,469	1,350

[1] Attributable to common shares.

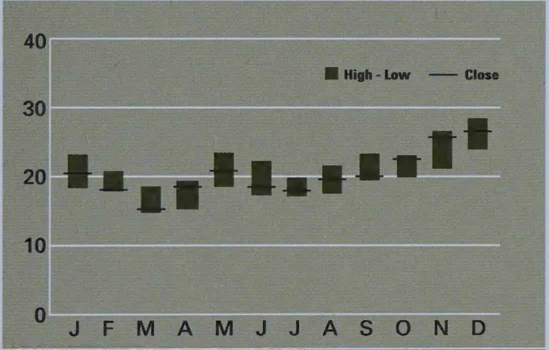
[2] Earnings before interest, taxes, depreciation and amortization, writedowns, gains on asset sales and other expenses.

INVESTOR INFORMATION



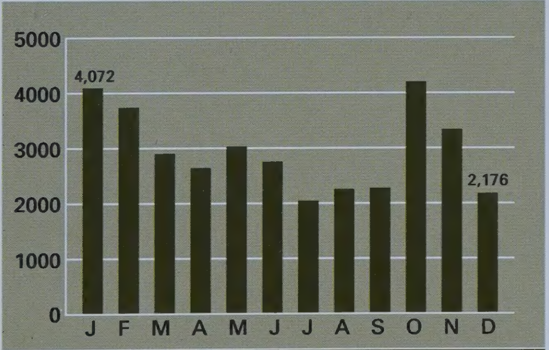
SHARE PERFORMANCE (TSE $/share)

Cameco's share price continues to reflect the general volatility in commodity prices.



MONTHLY SHARE PRICE TSE

Cameco's shares traded between $14.50 and $28.25 during 2000.



MONTHLY SHARE VOLUME TSE (thousands of shares)

In 2000, 35 million Cameco shares traded on the TSE compared to 31 million in 1999.

DECEMBER 31, 2000

Shares outstanding	55.5 million
Market capitalization	$ 1.5 billion

COMMON SHARES

Toronto (CCO)
New York (CCJ)

PREFERRED SECURITIES

New York (CCJPR)

TRANSFER AGENTS

For information on common share holdings, dividend cheques, lost share certificates and address changes, contact:

CIBC Mellon Trust Company
320 Bay Street, P.O. Box 1
Toronto, Ontario M5H 4A6
North America phone toll free: 800-387-0825
or 416-643-5500

For information on preferred security holdings, interest cheques, lost certificates and address changes, contact:

The Chase Manhattan Bank
Corporate Trust Services
1201 Main Street—18 OMP
Dallas, Texas 75202
Phone: 800-248-8380 (US only) or 214-672-5125
Fax: 214-672-5873

ANNUAL MEETING

The annual meeting of shareholders of Cameco Corporation is scheduled to be held Thursday, May 3, 2001 at 1:30 pm at Cameco's head office in Saskatoon, Saskatchewan.

DIVIDEND POLICY

The board of directors has established a policy of paying quarterly dividends of $0.125 ($0.50 per year) per common share. This policy will be reviewed from time to time in light of the company's cash flow, earnings, financial position and other relevant factors.

INVESTOR INQUIRIES

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Let's **clear** *the air*

Take a deep breath.

At Cameco, we believe that people all over the world should have the opportunity to breathe clean air.

The fuel produced from Cameco's uranium generates clean electricity, without greenhouse gases, in nuclear plants around the world.

We're helping to keep the air clean.

Visit us at www.cameco.com.

Cameco

Bringing **energy** *to life*

Printed in Canada, March 2001